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MAR 16 2005



FILE: WAC 03 091 53953 Office: CALIFORNIA SERVICE CENTER Date:

IN RE: Petitioner:
Beneficiary:



PETITION: Immigrant petition for Alien Worker as a Skilled Worker or Professional pursuant to section 203(b)(3) of the Immigration and Nationality Act, 8 U.S.C. § 1153(b)(3)

ON BEHALF OF PETITIONER:



INSTRUCTIONS:

This is the decision of the Administrative Appeals Office in your case. All documents have been returned to the office that originally decided your case. Any further inquiry must be made to that office.

Robert P. Wiemann, Director
Administrative Appeals Office

DISCUSSION: The Director, California Service Center, denied the preference visa petition that is now before the Administrative Appeals Office on appeal. The appeal will be dismissed.

The petitioner is a medical staffing service. It seeks to employ the beneficiary permanently in the United States as a registered nurse. As required by statute, a Form ETA 750, Application for Alien Employment Certification accompanied the petition. The director determined that the petitioner had not established that it had the continuing ability to pay the beneficiary the proffered wage beginning on the priority date of the visa petition and denied the petition accordingly.

On appeal, counsel submits a brief and additional evidence.

Section 203(b)(3)(A)(i) of the Immigration and Nationality Act (the Act), 8 U.S.C. § 1153(b)(3)(A)(i), provides for granting preference classification to qualified immigrants who are capable, at the time of petitioning for classification under this paragraph, of performing skilled labor (requiring at least two years training or experience), not of a temporary nature, for which qualified workers are not available in the United States.

8 C.F.R. § 204.5(g)(2) states:

Ability of prospective employer to pay wage. Any petition filed by or for an employment-based immigrant which requires an offer of employment must be accompanied by evidence that the prospective United States employer has the ability to pay the proffered wage. The petitioner must demonstrate this ability at the time the priority date is established and continuing until the beneficiary obtains lawful permanent residence. Evidence of this ability shall be either in the form of copies of annual reports, federal tax returns, or audited financial statements. In a case where the prospective United States employer employs 100 or more workers, the director may accept a statement from a financial officer of the organization which establishes the prospective employer's ability to pay the proffered wage. In appropriate cases, additional evidence, such as profit/loss statements, bank account records, or personnel records, may be submitted by the petitioner or requested by the Service.

The petitioner must demonstrate the continuing ability to pay the proffered wage beginning on the priority date, the day the completed, signed petition, including all initial evidence and the correct fee, was filed with CIS. *See* 8 CFR § 204.5(d). Here, the petition was filed with CIS on January 29, 2003. The proffered wage as stated on the Form ETA 750 is \$22.17 per hour, which equals \$46,113.60 per year.

On the petition, the petitioner stated that it was established on January 30, 1996 and that it employs 504 workers. On the Form ETA 750, Part B, signed by the beneficiary, the beneficiary did not claim to have worked for the petitioner.

In support of the petition, counsel submitted a letter, dated January 17, 2003, from the petitioner's CEO. That letter states that the petitioner earns net income of \$23.70 for each hour one of its nurses works. The CEO also stated that its declared loss of \$354,938 during 2001 is misleading, because its profits did not include its receivables. The CEO stated that the petitioner has the ability to pay the proffered wage.

As support for the proposition that its 2001 losses are misleading, the CEO cited a December 19, 2002 letter from its accountant. No such letter was submitted.

The petitioner also submitted a letter, dated December 20, 2002, from its Controller. That letter states that the petitioner has the ability to pay the proffered wage, citing the petitioner's 2001 gross receipts and a \$2.5 million credit line. In support of the assertion that it has such a credit line, the petitioner submitted a letter, dated August 7, 2002, from Heritage Capital Group, an institutional lender. That letter states that the petitioner has a credit line with that institution, but states that it is a "low six figure" credit line. This office notes a discrepancy between the assertion and the evidence.

Counsel also provided a copy of the petitioner's 2001 Form 1120S, U.S. Income Tax Return for an S Corporation. That return shows that the petitioner reports taxes based on the calendar year and declared a loss of \$354,938 as its ordinary income during 2001. The corresponding Schedule L shows that at the end of that year the petitioner's current liabilities exceeded its current assets.

Finally, counsel submitted a copy of its master hospitals list.

On May 8, 2003, the California Service Center requested additional evidence pertinent to the petitioner's ability to pay the proffered wage. Specifically, the Service Center requested IRS printouts of the petitioner's tax returns for each year since 2002.

In response, counsel submitted an IRS printout for 2002. In a letter dated July 2, 2003 counsel noted that IRS printouts for subsequent years were unavailable. The 2002 printout shows that the petitioner declared ordinary income of \$584,366 during that year.

The director determined that the evidence submitted did not establish that the petitioner had the continuing ability to pay the proffered wage beginning on the priority date, and, on August 30, 2003, denied the petition. The director cited figures from the petitioner's 2001 and 2002 tax returns in that decision.¹

On appeal, the petitioner states, "I assume that the use of [figures from] the 2001 Federal Income Tax Return was inappropriate. I also assume that [use of figures from] the 2002 Federal Income Tax Return was appropriate because the priority date was so close to the tax year of 2002." The petitioner also noted that it employs 100 or more employees and, in accordance with 8 C.F.R. § 204.5(g)(2), submitted the statement of a financial officer attesting to its ability to pay the proffered wage. The petitioner cites *Matter of Sonogawa*, 12 I&N Dec. 612 (Reg. Comm. 1967) for the proposition that a reasonable expectation of increasing profits can demonstrate a petitioner's ability to pay the proffered wage. The petitioner argues that its expectation of a vast increase in profits is reasonable.

¹ Although no copy of the petitioner's 2002 tax return was then in the file, the decision cited the petitioner's 2002 end-of-year net current assets, which cannot be computed from the 2002 IRS printout provided. This office believes, therefore, that the director found that information in a file pertinent to one of the petitioner's other petitions that was then before the Service Center.

The petitioner states that all of the beneficiaries of approved petitions “are included in the labor cost entry on the 2002 IRS Corporate Income Tax Return.” The petitioner further asserts that because “the net profit for the petitioner is sufficient for thirteen full-time employees . . . at least thirteen petitions should be approved.”

On appeal the petitioner asserts that it has a \$3.5 million credit line but provides no evidence in support of that assertion.² The petitioner argues that a credit line permits a company to continue paying wages notwithstanding delays and interruptions in its receipts. On that matter, the petitioner is correct. The petitioner notes that a bank’s willingness to extend credit is based on a company’s history of creditworthiness. That, too, is likely correct. The petitioner further argues, however, that the credit line in itself demonstrates the ability to pay the proffered wage. This office does not agree with this final assertion.

The petitioner can temporarily use the credit line in the event of an interruption in payments from its clients. That does not obviate the petitioner’s obligation to demonstrate the ability to pay the proffered wage on a more permanent basis. A line of credit, or any other indication of available credit, is not an indication of a sustainable ability to pay a proffered wage. An amount borrowed against a line of credit becomes an obligation. Although the credit line permits the petitioner to withstand delays and interruptions, the petitioner must show the ability, over a longer period, be it 60 days or a year or more, to pay the proffered wage out of its own funds, rather than out of the funds of a lender. The petitioner must show the ability to pay the proffered wage out of its own funds, rather than out of the funds of a lender. The credit available to the petitioner is not part of the calculation of the funds available to pay the proffered wage.

Finally, the petitioner argues that the United States has an acute shortage of nurses and that humanitarian considerations require approval of the instant petition. That the United States has a shortage of nurses is confirmed by the DOL having placed registered nurses on the list of Schedule A occupations. That shortage does not, however, obviate the petitioner’s obligation to demonstrate conformity with the statutes and regulations governing the instant visa category. Notwithstanding that the United States has a shortage of registered nurses, the petitioner must still demonstrate the continuing ability to pay the proffered wage beginning on the priority date.

With its appeal brief, the petitioner submits a copy of a letter, dated October 29, 2003, from its accountant. That accountant states that the petitioner’s tax returns are not valid indices of its financial condition because, in order to reduce tax liability, they were prepared on a cash basis, rather than on an accrual basis. The accountant states that, had the payables and receivables been included on the petitioner’s 2001 tax return, it would have reflected a profit of \$178,000. The accountant notes that the petitioner’s receipts and profits both rose during 2002, and asserts that this was a direct result of employing more nurses.

As additional evidence the petitioner submits (1) 21 pages of invoice data sorted by invoice date and grouped by client, (2) monthly bank statements from June 2002 to September 2003, and (3) information pertinent to the petitions recently submitted and those approved. The petitioner urges that the data demonstrates its ability to pay the proffered wage to the nurses it already employs and to additional nurses, including the instant beneficiary.

² The petitioner does not reconcile this assertion with its previous assertion that it has a \$2.5 million credit line or the statement in the August 7, 2002 letter from Heritage Capital Group stating that the petitioner has a “low six figure” credit line.

The accountant's assertion that the net income shown on the petitioner's tax return is a poor index of its cash position is inapposite. That assertion neither demonstrates the ability to pay the proffered wage nor releases the petitioner from the obligation of proving that ability. Pursuant to 8 C.F.R. § 204.5(g)(2), the petitioner was instructed to choose between annual reports, federal tax returns, and audited financial statements to demonstrate its ability to pay the proffered wage. The petitioner was not obliged to rely exclusively upon tax returns to demonstrate its ability to pay the proffered wage.

Having elected to demonstrate its ability to pay the proffered wage with its tax returns, however, the petitioner is bound by those returns. If the tax returns fail to show the ability to pay the proffered wage, then the petitioner has failed to show its ability to pay the proffered wage unless it submits reliable evidence of additional funds available to the petitioner.

Further, that the petitioner's returns were prepared on a cash basis rather than an accrual basis does not, contrary to the accountant's assertion, make them poor indices of the funds available to the petitioner with which to pay wages. Although tax returns prepared pursuant to cash basis accounting may not facilitate comparing various years to each other, they are at least as good an indicator of the funds that were available to the petitioner during a given year as are returns prepared pursuant to accrual.

Counsel's reliance on the bank statements in this case is misplaced. First, bank statements are not among the three types of evidence, enumerated in 8 C.F.R. § 204.5(g)(2), which are the requisite evidence of a petitioner's ability to pay a proffered wage. While this regulation allows additional material "in appropriate cases," the petitioner has not demonstrated that the evidence required by 8 C.F.R. § 204.5(g)(2) is inapplicable or that it paints an inaccurate financial picture of the petitioner. Second, bank statements show the amount in an account on a given date, and cannot show the sustainable ability to pay a proffered wage. Third, no evidence was submitted to demonstrate that the funds reported on the petitioner's bank statements somehow reflect additional available funds that were not reflected on its tax returns.

The petitioner asserted that it makes a net income of \$23.70 per hour for each nurse it employs. Because it makes a profit on each nurse it employs, the petitioner, it will lose no money by employing the beneficiary, and has, therefore, the ability to pay the proffered wage. The petitioner supports this assertion with a calculation in which the proffered wage is subtracted from the amount the petitioner charges its clients. No allowance was made for any other expenses.

The petitioner's formula ignores the various one-time expenses, such as airfare from the beneficiary's current location, payment of the beneficiary's wages during training, other costs of training, and the cost of paying the beneficiary a full-time salary during any period the petitioner is unable to place her with a client; and variable expenses of hiring another employee, such as the incrementally increased administrative costs. What net income, if any, the petitioner would earn by employing the beneficiary is not revealed by the petitioner's calculation and is unknown to CIS.

In determining the petitioner's ability to pay the proffered wage during a given period, CIS will examine whether the petitioner employed the beneficiary during that period. If the petitioner establishes by documentary evidence that it employed the beneficiary at a salary equal to or greater than the proffered wage, the evidence will be considered *prima facie* proof of the petitioner's ability to pay the proffered wage. In the instant case, the petitioner has not established that it employed and paid the beneficiary.

If the petitioner does not establish that it employed and paid the beneficiary an amount at least equal to the proffered wage during that period, the AAO will, in addition, examine the net income figure reflected on the petitioner's federal income tax return, without consideration of depreciation or other expenses. CIS may rely on federal income tax returns to assess a petitioner's ability to pay a proffered wage. *Elatos Restaurant Corp. v. Sava*, 632 F.Supp. 1049, 1054 (S.D.N.Y. 1986) (citing *Tongatapu Woodcraft Hawaii, Ltd. v. Feldman*, 736 F.2d 1305 (9th Cir. 1984)); see also *Chi-Feng Chang v. Thornburgh*, 719 F.Supp. 532 (N.D. Texas 1989); *K.C.P. Food Co., Inc. v. Sava*, 623 F.Supp. 1080 (S.D.N.Y. 1985); *Ubeda v. Palmer*, 539 F.Supp. 647 (N.D. Ill. 1982), *aff'd*, 703 F.2d 571 (7th Cir. 1983).

Showing that the petitioner's gross receipts exceeded the proffered wage is insufficient. Similarly, showing that the petitioner paid wages in excess of the proffered wage is insufficient. In *K.C.P. Food Co., Inc. v. Sava*, 623 F. Supp. at 1084, the court held that the Immigration and Naturalization Service, now CIS, had properly relied on the petitioner's net income figure, as stated on the petitioner's corporate income tax returns, rather than the petitioner's gross income. The court specifically rejected the argument that CIS should have considered income before expenses were paid rather than net income. Finally, no precedent exists that would allow the petitioner to add back to net cash the depreciation expense charged for the year. *Chi-Feng Chang* at 537. See also *Elatos Restaurant*, 623 F. Supp. at 1054.

The petitioner's net income, however, is not the only statistic that may be used to show the petitioner's ability to pay the proffered wage. If the petitioner's net income, if any, during a given period, added to the wages paid to the beneficiary during the period, if any, do not equal the amount of the proffered wage or more, the AAO will review the petitioner's assets as an alternative method of demonstrating the ability to pay the proffered wage.

The petitioner's total assets, however, are not available to pay the proffered wage. The petitioner's total assets include those assets the petitioner uses in its business, which will not, in the ordinary course of business, be converted to cash, and will not, therefore, become funds available to pay the proffered wage. Only the petitioner's current assets, those expected to be converted into cash within a year, may be considered. Further, the petitioner's current assets cannot be viewed as available to pay wages without reference to the petitioner's current liabilities, those liabilities projected to be paid within a year. CIS will consider the petitioner's net current assets, its current assets net of its current liabilities, in the determination of the petitioner's ability to pay the proffered wage.

The proffered wage is \$46,113.60 per year. The priority date is January 29, 2003. Evidence pertinent to the petitioner's finances prior to 2003 is not, therefore, directly relevant to the petitioner's continuing ability to pay the proffered wage beginning on the priority date.

No copies of annual reports, federal tax returns, or audited financial statements were submitted pertinent to 2003. Although a payroll statement was submitted, that statement indicates that the petitioner was paying the beneficiary less than the proffered wage. The petitioner cannot show that it was able to pay the proffered wage through that payroll statement alone.

With the petition, however, counsel submitted the January 17, 2003 letter from the petitioner's CEO and the December 20, 2002 letter from its Controller. Both of those letters state that the petitioner has the ability to pay the proffered wage. The regulation at 8 C.F.R. § 204.5(g)(2) states that such a letter may suffice to demonstrate the petitioner's ability to pay the proffered wage. Although 8 C.F.R. § 204.5(g)(2) also states

that CIS may require additional evidence in appropriate cases, the director did not explicitly state his reason for finding that the instant case was an appropriate instance to disregard the controller's statement and require additional evidence.

The director observed, however, that the petitioner has filed multiple alien worker petitions. In fact, CIS computer records show that the petitioner filed 93 Form I-140 petitions during 2002, 140 such petitions during 2003, and another 57 petitions during 2004. This office finds that this large number of petitions was sufficient reason to require additional evidence.

The director based his decision on figures from the petitioner's 2001 and 2002 income tax returns. Because the priority date is during 2003, figures pertinent to the petitioner's financial performance during 2001 and 2002 are not directly relevant to the petitioner's continuing ability to pay the proffered wage beginning on the priority date. Because those returns are the only reliable documentary evidence contained in the record of the petitioner's ability to pay the proffered wage, however, they shall be accorded some evidentiary value.

During 2001 the petitioner declared a loss. If the petitioner had been obliged to pay the proffered wage during 2001 it would have been unable to pay any portion of it out of its income during that year. The petitioner ended the year with negative net current assets. The petitioner is unable to demonstrate the ability to pay any portion of the proffered wage out of its net current assets.

The petitioner declared ordinary income of \$584,366 during 2002 and finished the year with negative net current assets. The petitioner, however, has recently filed petitions for 290 petitions. The petitioner currently has more than fifty cases on appeal. The petitioner's 2002 ordinary income, although substantial, is insufficient to show the ability to pay the proffered wages of such a large number of beneficiaries. The petitioner has not demonstrated the ability to pay the proffered wage.

The petitioner argues that because its ordinary income during that year would have been sufficient to pay 12 nurses the same salary as the proffered wage in this case, at least 12 petitions should be approved.³

This office disagrees with that assertion. The evidence does not demonstrate that the petitioner is able to pay an additional 12 workers. As was noted above, the petitioner's 2001 tax return would not have shown that it was able to pay any additional wages. In any event, CIS computer records demonstrate that more than 13 petitions were approved during 2003. The record contains no evidence to show that the petitioner paid all of the beneficiaries of those approved petitions during 2001, contrary to the petitioner's assertion on appeal. The petitioner has not demonstrated the continuing ability to pay the proffered wage beginning on the priority date and the instant petition may not, even pursuant to the petitioner's own analysis, be approved.

Additional issues exist in this case, though, that were not addressed in the decision below.

The regulation at 20 C.F.R. § 656.20(g)(1) provides, in pertinent part,

³ Actually, the petitioner urged that its 2002 ordinary income is sufficient to warrant approval of 13 petitions. This office notes that, in fact, its 2002 ordinary income was not sufficient to pay the proffered wage to 13 new employees.

In applications filed under § 656.21 (Basic Process), § 656.21a (Special Handling) and § 656.22 (Schedule A), the employer shall document that notice of the filing of the Application for Alien Employment Certification was provided:

(i) To the bargaining representative(s) (if any) of the employer's employees in the occupational classification for which certification of the job opportunity is sought in the employer's location(s) in the area of intended employment.

(ii) If there is no such bargaining representative, by posted notice to the employer's employees at the facility or location of the employment. The notice shall be posted for at least 10 consecutive days. The notice shall be clearly visible and unobstructed while posted and shall be posted in conspicuous places, where the employer's U.S. workers can readily read the posted notice on their way to or from their place of employment. Appropriate locations for posting notices of the job opportunity include, but are not limited to, locations in the immediate vicinity of the wage and hour notices required by 20 CFR 516.4 or occupational safety and health notices required by 20 CFR 1903.2(a).

The record contains no indication that the petitioner's nurses are represented by collective bargaining. The Notice of Available Position filed in this case indicates that the beneficiary will "report to client facilities as directed by Petitioner" and work there. The beneficiary will not, therefore, be employed at the petitioner's Orange, California address, but at some other location. A certification submitted with the job posting in this matter states that it was posted at the petitioner's offices. It was not, then, posted at the place of employment as required by 20 C.F.R. § 656.20(g)(1). The petition should have been denied for this additional reason.

The petitioner's failure to name the facility at which the beneficiary will be employed raises yet another issue. The petitioner is required, by 8 C.F.R. § 204.5(g)(2), to demonstrate that the proffered wage is at least as high as the predominant wage. The regulation at 20 C.F.R. 656.40(a)(2)(i) states that the predominant wage is the average wage paid to workers similarly employed in the area of intended employment. In the absence of any statement in the record of the actual location at which the beneficiary would work, this office is unable to determine whether the petitioner is offering the beneficiary the average wage for similarly employed workers in the area of intended employment.

The employment of aliens in Schedule A occupations must not adversely affect the wages and working conditions of United States workers similarly employed. See 20 C.F.R. § 656.10. The regulations governing Schedule A do not contain any language that certifies that the employment of any alien registered nurse anywhere in the United States, at any wage or salary, would not adversely affect the wages and working conditions of U.S. workers similarly employed. That determination is left to CIS's jurisdiction under 20 C.F.R. § 656.22(e) which sets forth that CIS has authority to review a Schedule A immigrant visa petitioner's satisfaction of labor certification requirements delineated under 20 C.F.R. § 656.20. The regulation at 20 C.F.R. § 656.20(c)(2) states that a labor certification application must clearly show that the wage offered meets the prevailing wage rate. A petition that fails to prove that its proffered wage is at least equal to the prevailing wage rate shall be denied. For this additional reason, the petition should have been denied.

An application or petition that fails to comply with the technical requirements of the law may be denied by the AAO even if the Service Center does not identify all of the grounds for denial in the initial decision. *See Spencer Enterprises, Inc. v. United States*, 299 F. Supp. 2d 1025, 1043 (E.D. Cal. 2001), *aff'd*, 345 F.3d 683 (9th Cir. 2003); *see also Dor v. INS*, 891 F.2d 997, 1002 n. 9 (2d Cir. 1989)(noting that the AAO reviews appeals on a de novo basis).

The petitioner failed to demonstrate that a notice of the proffered position was posted in accordance with 20 C.F.R. § 656.20(g)(1). The petitioner failed to demonstrate that it is able to pay the proffered wage. The petitioner also failed to demonstrate, in accordance with 8 C.F.R. § 204.5(g)(2), that wage proffered is at least equal to the average wage for similarly employed workers in the area of intended employment. For all three reasons the petition may not be approved.

ORDER: The appeal is dismissed.