

# **EXHIBIT**

# **2**

UNITED STATES DISTRICT COURT FOR THE  
WESTERN DISTRICT OF OKLAHOMA

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CHAMBER OF COMMERCE OF THE UNITED )  
STATES OF AMERICA and the OKLAHOMA )  
STATE CHAMBER OF COMMERCE AND )  
ASSOCIATED INDUSTRIES, *et al.*, )

*Plaintiffs,* )

v. )

No. \_\_\_\_\_

BRAD HENRY, in his official capacity as Governor )  
of the State of Oklahoma, W.A. DREW )  
EDMONDSON, in his official capacity as Attorney )  
General of the State of Oklahoma, *et al.*, )

*Defendants.* )  
\_\_\_\_\_ )

DECLARATION OF STEVEN J. LAW

I, Steven J. Law, hereby state and declare the following:

1. I am over the age of 18 and am a citizen of the United States. The statements contained in this declaration are my own, and are based on personal knowledge and on information I gained in the course of my business.
2. I am the Chief Legal Officer, General Counsel and Corporate Secretary of the Chamber of Commerce of the United States of America, also known as the U.S. Chamber of Commerce.
3. The U.S. Chamber of Commerce is headquartered at 1615 H Street, N.W., Washington, D.C., 20062.
4. The U.S. Chamber of Commerce is the world's largest business federation, representing an underlying membership of more than three million businesses and organizations of every size,

sector, and regions. It includes hundreds of associations, thousands of local chambers, and more than 100 American Chambers of Commerce in 91 countries.

5. The U.S. Chamber of Commerce pursues and promotes strong compliance with U.S. federal immigration laws, and does not support the employment of illegal workers.

6. The purpose of the U.S. Chamber of Commerce is to advocate for the interests of its members before state and federal government agencies, legislatures, and courts, as well as in other forums.

7. The U.S. Chamber of Commerce has 500 direct members in the State of Oklahoma, and an additional 3,242 members who are federation members of the U.S. Chamber through their membership in state and local chambers of commerce that are members of the U.S. Chamber.

8. The U.S. Chamber of Commerce has members in Oklahoma who have contracts with state and local governments and other public entities. The U.S. Chamber of Commerce also has members who employ individual independent contractors in the state.

9. Members of the U.S. Chamber of Commerce will be subject to, and harmed by, the Oklahoma Taxpayer and Citizen Protection Act of 2007.

10. Members of the U.S. Chamber of Commerce will be subject to, and harmed by, the provision of Oklahoma's new law that requires all businesses that have contracts with public entities in the State to verify the immigration status of all new employees using the new "Status Verification System" created by Section 7 of the law. As I understand it, this "Status Verification System" is essentially the federal "Basic Pilot Program," also known as "E-Verify". Under Oklahoma's new law, our members with public contracts will be required to use this system instead of relying on the I-9 Form process required under federal law.

11. I understand that the Basic Pilot Program is an experimental and voluntary federal database. The U.S. Chamber of Commerce has members with public contracts who do not participate in the Basic Pilot Program.

12. Members of the U.S. Chamber of Commerce will therefore be automatically debarred from contracts with public entities once Oklahoma's law goes into effect. They will also be required to forfeit contracts they have already won, and will be unable to bid on any future contracts with public entities. If these members lose public contracts and are debarred from obtaining new ones, they will be harmed.

13. There are several reasons why our members should not be forced to use the experimental and voluntary Basic Pilot Program. I am aware, for example, that the Basic Pilot Program does not contain a complete and correct list of all legal workers and is prone to errors. It also restricts the pool of legal workers that can be lawfully hired by our members.

14. If our members are artificially restricted to hiring only those employees whose names and Social Security numbers appear correctly in the federal database, instead of all qualified legal workers, they will be harmed. Specifically, Oklahoma's law will increase recruitment costs and impair our members' ability to fill their workforces, given what I understand to be a very tight labor market in Oklahoma.

15. Our members will also be harmed because the Basic Pilot Program does not actually confirm that an employee is illegal. Rather, it requires businesses to wait for weeks while an employee who is not immediately confirmed by the system attempts to sort out problems or discrepancies in the database, which all employees are entitled to do under federal law. During this time, our members will be required to incur substantial expenses in training and orienting

new employees, without being able to confirm whether they are actually authorized to work. None of these expenses can be recovered.

16. Our members will also suffer harm when new employees are required to divert their time, attention, and work-hours to addressing problems with the Basic Pilot database, rather than devoting full attention to their new jobs.

17. Our members will also incur expenses in retraining their human resources personnel and reorienting their employee verification procedures to implement the Basic Pilot Program and comply with its rules on an ongoing basis. Such expenses would not be incurred if the members simply continued to use the I-9 Form process which has been required by federal statute for over two decades. None of these expenses can be recovered, even if the law is found unconstitutional.

18. Members of the U.S. Chamber of Commerce will also be subject to, and harmed by, the provision of Oklahoma's law that requires them to verify the work authorization of all individual independent contractors, or be subject to severe adverse tax consequences that include withholding the highest marginal rate of taxes from the contractors' pay, or paying a tax penalty in the same amount.

19. Under federal law, businesses are not supposed to verify the work authorizations of non-employees. Therefore, our members who use the services of individual independent contractors will be effectively forced to incur the aforementioned tax consequences.

20. The withholding requirement will decrease the amount that individual independent contractors actually receive as payment for their services, and will therefore make it more difficult, and indeed provide a powerful disincentive, to do business as an individual independent contractor in the State of Oklahoma. This also will interfere with the ability of our members to find and hire qualified individual independent contractors willing to work in the state. To the

extent our members rely on these contractors to perform critical services, our members will be harmed by the impediments to hiring individual independent contractors that are created by Oklahoma's law.

21. The only practical way for our members to avoid this result will be to pay individual independent contractors more money to offset the new state withholding requirements. This will result in decreased profits for our members, and will make it more expensive for them to do business with individual independent contractors. It also will be an impediment to hiring individual independent contractors in Oklahoma. None of these costs can be recovered.

22. The final unattractive option under Oklahoma's law is for our members to pay a tax penalty in the amount of the lost withholding. This option will clearly harm our members, by making it more expensive to do business with individual independent contractors, by costing our members money in the form of higher overhead expenses and decreased profits, and by impeding to our members' ability to use the services of individual independent contractors. Again, none of these costs can be recovered.

23. Each of these options will also result in costs to our members from having to hire new employees or assign new tasks to existing employees to calculate, remit, and account for the new withholding amounts to the taxing authorities, or calculate, remit, and account for the tax penalty. The costs of these new employees or the cost of the use of time by existing employees cannot be recovered.

24. Members of the U.S. Chamber will also be subject to, and harmed by, the section of Oklahoma's law that creates a cause of action for employment discrimination in state court against an employer for discharging a legal employee when it knew or should have known it had also employed an illegal worker.

25. The U.S. Chamber does not support illegal immigration or employers who knowingly hire illegal workers. But the Chamber's members will be required to incur significant legal fees and other expenses to fight (or, if possible, avoid) baseless investigations and suits under this law, or investigations and suits not based on the employer's actual knowledge. None of these expenses can be recovered.

26. Businesses that are accused of hiring illegal immigrants, even wrongly, will likely be exposed to serious monetary and reputational harm. To avoid the possibility of these grave harms, and to appropriately prepare for the possibility of unknowingly hiring an illegal alien (which is a basis for liability under Oklahoma's law), our members will be forced to divert profits, set aside cash reserves, and purchase additional litigation insurance, to guard against the risk of inadvertent violations or even frivolous claims. They will experience enormous pressure to settle baseless accusations to avoid the severe damage to their businesses and reputations which would be caused by such accusations, even if unfounded. This will severely harm our members, and none of these expenses can be recovered.

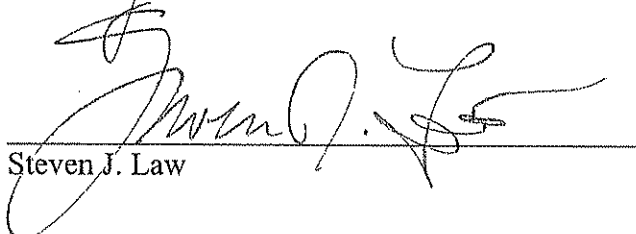
27. To avoid such devastating consequences, our members' lone option is to adopt the "safe harbor" under Oklahoma's law, which requires them to use the "Status Verification System." As I have already explained, this option will also harm our members.

28. I understand that, under federal law, businesses are subject to liability only if they knowingly hire an illegal alien; and they have an affirmative defense of good-faith compliance if they have followed the federal Form I-9 requirements. Oklahoma's law contains neither of these provisions. Rather, it provides for liability based on an allegation that an employer "should have known" it had employed an illegal alien, and forces businesses to adopt the flawed Status Verification System as the only safe harbor from liability.

29. Since businesses can be found liable under Oklahoma's law for unknowingly hiring an illegal alien, and face serious harm from even unfair and wrong accusations by an ex-employee, they will be effectively forced to use the Status Verification System to avoid the severe liability risks and costs to their businesses mentioned earlier. As I have explained, there are good reasons why the U.S. Chamber's members should not be forced to use this experimental, voluntary, and flawed system, and they will be substantially harmed if they are required to use it.

30. The U.S. Chamber of Commerce supports its members in Oklahoma, and is committed to promoting and defending business, commerce, and job growth in the state. The Oklahoma Citizen and Taxpayer Protection Act of 2007 will make it much more difficult to achieve these goals.

Executed on the 24<sup>th</sup> day of January, 2008.

  
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Steven J. Law