



AFTER THE DISASTER: Nearly three years after the March 2011 quake and tsunami, an area of Fukushima the size of Hong Kong remains too radioactive for habitation. REUTERS/DAMIR SAGOLJ

FUKUSHIMA

# Fukushima's murky clean-up

A Reuters examination finds that contractors are hiring homeless men and shortchanging them on wages amid scant regulatory oversight of the most ambitious radiation clean-up ever attempted.

BY MARI SAITO AND ANTONI SLODKOWSKI

## FUKUSHIMA'S MURKY CLEAN-UP

SENDAI, JAPAN, DECEMBER 30, 2013

**S**eiji Sasa hits the train station in this northern Japanese city before dawn most mornings to prowl for homeless men.

He isn't a social worker. He's a recruiter. The men in Sendai Station are potential laborers that Sasa can dispatch to contractors in Japan's nuclear disaster zone for a bounty of \$100 a head.

"This is how labor recruiters like me come in every day," Sasa says, as he strides past men sleeping on cardboard and clutching at their coats against the early winter cold.

It's also how Japan finds people willing to accept minimum wage for one of the most undesirable jobs in the industrialized world: working on the \$35 billion, taxpayer-funded effort to clean up radioactive fallout across an area of northern Japan larger than Hong Kong.

Almost three years ago, a massive earthquake and tsunami leveled villages across Japan's northeast coast and set off multiple meltdowns at the Fukushima nuclear plant. Today, the most ambitious radiation clean-up ever attempted is running behind schedule. The effort is being dogged by both a lack of oversight and a shortage of workers, according to a Reuters analysis of contracts and interviews with dozens of those involved.

In January, October and November, Japanese gangsters were arrested on charges of infiltrating construction giant Obayashi Corp's network of decontamination subcontractors and illegally sending workers to the government-funded project.

In the October case, homeless men were rounded up at Sendai's train station by Sasa, then put to work clearing radioactive soil and debris in Fukushima City for less than minimum wage, according to police and accounts of those involved. The men reported up through a chain of three other companies to Obayashi, Japan's second-largest construction company.



THE RECRUITER: Seiji Sasa recruited homeless men at the Sendai railway station to work in the \$35 billion Fukushima decontamination project. **REUTERS/ISSEI KATO**

“We are taking it very seriously that these incidents keep happening one after another.

**Junichi Ichikawa**

Spokesman for Obayashi Corp

Obayashi, which is one of more than 20 major contractors involved in government-funded radiation removal projects, has not been accused of any wrongdoing. But the spate of arrests has shown that members of Japan's three largest criminal syndicates – Yamaguchi-gumi, Sumiyoshi-kai and Inagawa-kai – had set up black-market recruiting agencies under Obayashi.

“We are taking it very seriously that these incidents keep happening one after another,” said Junichi Ichikawa, a spokesman for Obayashi. He said the company tightened its scrutiny of its lower-tier subcontractors in order to shut out gangsters, known as the yakuza. “There were elements of what we had been doing that did not go far enough.”

### OVERSIGHT LEFT TO TOP CONTRACTORS

Part of the problem in monitoring taxpayer money in Fukushima is the sheer number of companies involved in decontamination, extending from the major contractors at the top to tiny subcontractors many layers below them. The total number has not been announced. But in the 10 most contaminated towns and a highway that runs north past the gates of the wrecked plant in Fukushima, Reuters found 733 companies were performing work for the Ministry of Environment, according to partial contract terms released by the ministry in August under Japan's information disclosure law.

Reuters found 56 subcontractors listed on environment ministry contracts worth a total of \$2.5 billion in the most radiated areas of Fukushima that would have been barred from traditional public works because they had not been vetted by the construction ministry.

The 2011 law that regulates decontamination put control under the environment

*Text continues on page 4*

# A web of subcontractors

## NARAHA TOWN

Below is the structure of all contracts in the clean-up effort for the town, which had a population of 8,042 people and 2,898 households before the disaster.

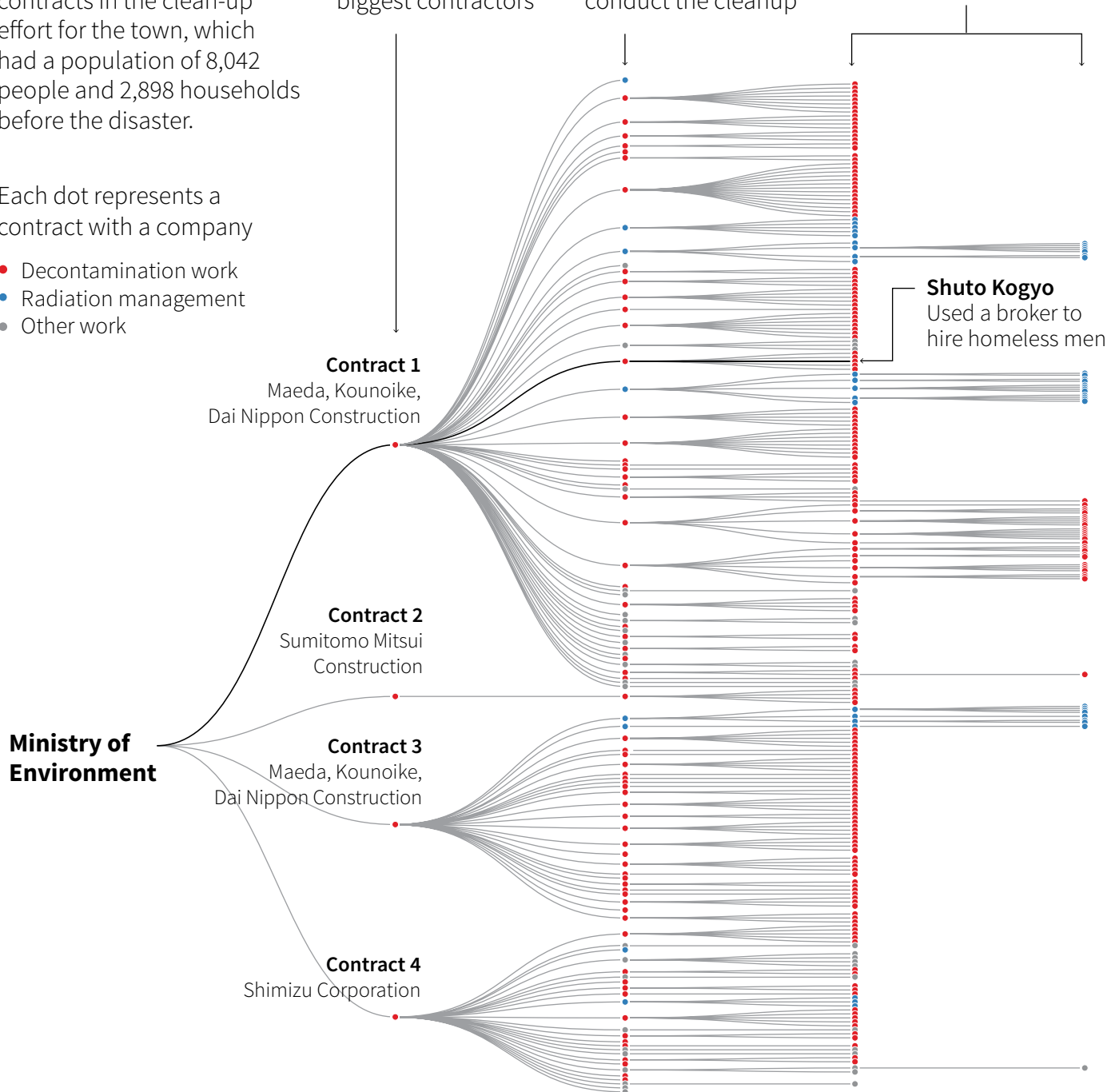
Each dot represents a contract with a company

- Decontamination work
- Radiation management
- Other work

**Initial contracts**  
awarded to Japan's biggest contractors

**Subcontractors**  
are then hired to conduct the cleanup

**Lower tier firms**  
supply day laborers



Source: Reuters; Ministry of Environment

Subcontractors **99**

**213**

**58**



**HOMELESS IN SENDAI:** The area around the train station at Sendai, a town near the epicenter of the March 2011 quake and tsunami, is where homeless men are recruited to work in the Fukushima decontamination project. **REUTERS/ISSEI KATO**

ministry, the largest spending program ever managed by the 10-year-old agency. The same law also effectively loosened controls on bidders, making it possible for firms to win radiation removal contracts without the basic disclosure and certification required for participating in public works such as road construction.

Reuters also found five firms working for the Ministry of Environment that could not be identified. They had no construction ministry registration, no listed phone number or website, and Reuters could not find a basic corporate registration disclosing ownership. There was also no record of the firms in the database of Japan's largest credit research firm, Teikoku Databank.

"As a general matter, in cases like this, we would have to start by looking at whether a company like this is real," said Shigenobu Abe, a researcher at Teikoku Databank. "After that, it would be necessary to look at whether this is an active company and at the background of its executive and directors."

Responsibility for monitoring the hiring, safety records and suitability of hundreds of small firms involved in Fukushima's decontamination rests with the top contractors, including Kajima Corp<1812.T>, Taisei

# 60,000

The number of people evacuated from Fukushima prefecture who are not yet allowed to return to their homes

Source: Japan's Ministry of Environment

Corp<1801.T> and Shimizu Corp<1803.T>, officials said.

"In reality, major contractors manage each work site," said Hide Motonaga, deputy director of the radiation clean-up division of the environment ministry.

But, as a practical matter, many of the construction companies involved in the clean-up say it is impossible to monitor what is happening on the ground because of the multiple layers of contracts for each job that keep the top contractors removed from those doing the work.

"If you started looking at every single person, the project wouldn't move forward. You wouldn't get a tenth of the people you need," said Yukio Suganuma, president of Aisogo Service, a construction company that was hired in 2012 to clean up

radioactive fallout from streets in the town of Tamura.

The sprawl of small firms working in Fukushima is an unintended consequence of Japan's legacy of tight labor-market regulations combined with the aging population's deepening shortage of workers. Japan's construction companies cannot afford to keep a large payroll and dispatching temporary workers to construction sites is prohibited. As a result, smaller firms step into the gap, promising workers in exchange for a cut of their wages.

Below these official subcontractors, a shadowy network of gangsters and illegal brokers who hire homeless men has also become active in Fukushima. Ministry of Environment contracts in the most radioactive areas of Fukushima prefecture are particularly lucrative because the government pays an additional \$100 in hazard allowance per day for each worker.

Takayoshi Igarashi, a lawyer and professor at Hosei University, said the initial rush to find companies for decontamination was understandable in the immediate aftermath of the disaster when the priority was emergency response. But he said the government now needs to tighten its scrutiny to prevent a range of abuses, including bid rigging.

“There are many unknown entities getting involved in decontamination projects,” said Igarashi, a former advisor to ex-Prime Minister Naoto Kan. “There needs to be a thorough check on what companies are working on what, and when. I think it’s probably completely lawless if the top contractors are not thoroughly checking.”

The Ministry of Environment announced on Thursday that work on the most contaminated sites would take two to three years longer than the original March 2014 deadline. That means many of the more than 60,000 who lived in the area before the disaster will remain unable to return home until six years after the disaster.

Earlier this month, Abe, who pledged his government would “take full responsibility for the rebirth of Fukushima” boosted the budget for decontamination to \$35 billion, including funds to create a facility to store radioactive soil and other waste near the wrecked nuclear plant.

**‘DON’T ASK QUESTIONS’**

Japan has always had a gray market of day labor centered in Tokyo and Osaka. A small army of day laborers was employed to build the stadiums and parks for the 1964 Olympics in Tokyo.

But over the past year, Sendai, the biggest city in the disaster zone, has emerged as a hiring hub for homeless men. Many work clearing rubble left behind by the 2011 tsunami and cleaning up radioactive hotspots by removing topsoil, cutting grass and scrubbing down houses around the destroyed nuclear plant, workers and city officials say.

Seiji Sasa, 67, a broad-shouldered former wrestling promoter, was photographed by undercover police recruiting homeless men at the Sendai train station to work in the nuclear cleanup. The workers were then handed off through a chain of companies reporting up to Obayashi, as part of a \$1.4 million contract to decontaminate roads in Fukushima, police say.

“I don’t ask questions; that’s not my job,” Sasa said in an interview with Reuters. “I just find people and send them to work. I send them and get money in exchange. That’s it. I don’t get involved in what happens after that.”

Only a third of the money allocated for wages by Obayashi’s top contractor made it to the workers Sasa had found. The rest was skimmed by middlemen, police say. After deductions for food and lodging, that left workers with an hourly rate of about \$6, just below the minimum wage equal to about \$6.50 per hour in Fukushima, according to wage data provided by police. Some of the homeless men ended up in debt after fees for food and housing were deducted, police say.

Sasa was arrested in November and released without being charged. Police were after his client, Mitsunori Nishimura, a local Inagawa-kai gangster. Nishimura housed workers in cramped dorms on the edge of Sendai and skimmed an estimated \$10,000 of public funding intended for their wages each month, police say.

Nishimura, who could not be reached for comment, was arrested and paid a \$2,500 fine. Nishimura is widely known in Sendai. Seiryu Home, a shelter funded by the city, had sent other homeless men to work for him on recovery jobs after the 2011 disaster.

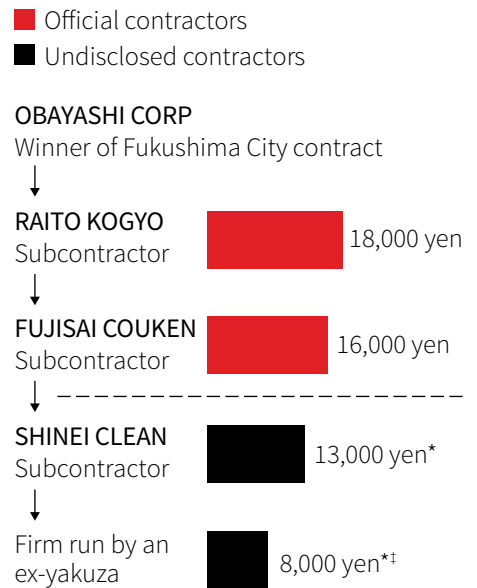
“He seemed like such a nice guy,” said Yota Iozawa, a shelter manager. “It was bad luck. I can’t investigate everything about every company.”

In the incident that prompted his arrest, Nishimura placed his workers with Shinei Clean, a company with about 15 employees based on a winding farm road south of Sendai. Police turned up there to arrest Shinei’s president, Toshiaki Osada, after a search of his office, according to Tatsuya Shoji, who is both Osada’s nephew and a company manager. Shinei had sent dump trucks to sort debris from the disaster. “Everyone is involved in sending workers,”

**Skimming wages**

A \$1.4-million Fukushima City decontamination project awarded to Obayashi Corp involved multiple layers of subcontractors. Each layer below Obayashi skimmed a portion of the funds allocated for workers’ pay, police said.

**DAILY WAGES ALLOCATED BY EACH CONTRACTOR**



\*Upper-end of wage level is shown. Fujisai Couken= 11,000 to 13,000 yen; Shinei Clean = 7,000 to 8,000 yen.  
 † More pay was deducted for food/accommodation  
 Source: Reuters



**SHELTER FROM THE STORM:** As snow falls on a December night, a signboard offers work and a place to stay at Shuto Kogyo’s dormitory. **REUTERS/ISSEI KATO**

said Shoji. "I guess we just happened to get caught this time."

Osada, who could not be reached for comment, was fined about \$5,000. Shinei was also fined about \$5,000.

**'RUN BY GANGS'**

The trail from Shinei led police to a slightly larger neighboring company with about 30 employees, Fujisai Couken. Fujisai says it was under pressure from a larger contractor, Raito Kogyo, to provide workers for Fukushima. Kenichi Sayama, Fujisai's general manger, said his company only made about \$10 per day per worker it outsourced. When the job appeared to be going too slowly, Fujisai asked Shinei for more help and they turned to Nishimura.

A Fujisai manager, Fuminori Hayashi, was arrested and paid a \$5,000 fine, police said. Fujisai also paid a \$5,000 fine.

"If you don't get involved (with gangs), you're not going to get enough workers," said Sayama, Fujisai's general manager. "The construction industry is 90 percent run by gangs."

Raito Kogyo<1926.T>, a top-tier sub-contractor to Obayashi, has about 300 workers in decontamination projects around Fukushima and owns subsidiaries in both Japan and the United States. Raito agreed that the project faced a shortage of workers but said it had been deceived. Raito said it was unaware of a shadow contractor under Fujisai tied to organized crime.

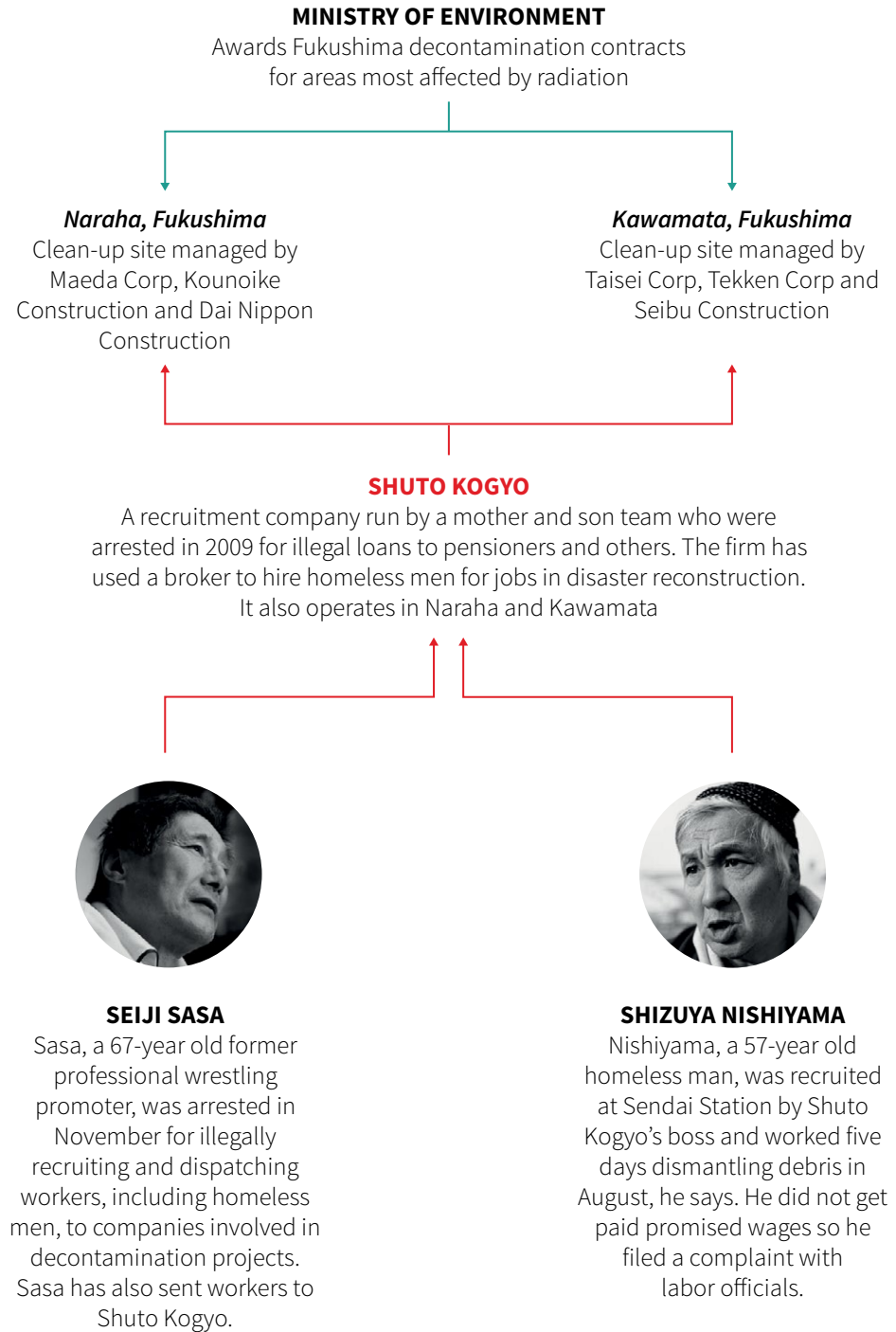
"We can only check on lower-tier sub-contractors if they are honest with us," said Tomoyuki Yamane, head of marketing for Raito. Raito and Obayashi were not accused of any wrongdoing and were not penalized.

Other firms receiving government contracts in the decontamination zone have hired homeless men from Sasa, including Shuto Kogyo, a firm based in Himeji, western Japan.

"He sends people in, but they don't stick around for long," said Fujiko Kaneda, 70, who runs Shuto with her son, Seiki Shuto.

**Recruiting the homeless**

Brokers have been recruiting homeless men to take up jobs in the Fukushima decontamination project. Contracts are awarded by the government but smaller subcontractors and brokers face very little scrutiny.



Sources: Reuters; Ministry of Environment contracts.

“He gathers people in front of the station and sends them to our dorm.”

Kaneda invested about \$600,000 to cash in on the reconstruction boom. Shuto converted an abandoned roadhouse north of Sendai into a dorm to house workers on reconstruction jobs such as clearing tsunami debris. The company also won two contracts awarded by the Ministry of Environment to clean up two of the most heavily contaminated townships.

Kaneda had been arrested in 2009 along with her son, Seiki, for charging illegally high interest rates on loans to pensioners. Kaneda signed an admission of guilt for police, a document she says she did not understand, and paid a fine of \$8,000. Seiki was given a sentence of two years prison time suspended for four years and paid a \$20,000 fine, according to police. Seiki declined to comment.

## UNPAID WAGE CLAIMS

In Fukushima, Shuto has faced at least two claims with local labor regulators over unpaid wages, according to Kaneda. In a separate case, a 55-year-old homeless man reported being paid the equivalent of \$10 for a full month of work at Shuto. The worker’s paystub, reviewed by Reuters, showed charges for food, accommodation and laundry were docked from his monthly pay equivalent to about \$1,500, leaving him with \$10 at the end of the August.

The man turned up broke and homeless at Sendai Station in October after working for Shuto, but disappeared soon afterwards, according to Yasuhiro Aoki, a Baptist pastor and homeless advocate.

Kaneda confirmed the man had worked for her but said she treats her workers fairly. She said Shuto Kogyo pays workers at least \$80 for a day’s work while docking the equivalent of \$35 for food. Many of her workers end up borrowing from her to make ends meet, she said. One of them had



DOWN AND OUT: Shizuya Nishiyama, 57, decided it was better to be homeless than go deeper into debt working in hazardous conditions in the Fukushima contamination project. **REUTERS/ISSEI KATO**

owed her \$20,000 before beginning work in Fukushima, she says. The balance has come down recently, but then he borrowed another \$2,000 for the year-end holidays.

“He will never be able to pay me back,” she said.

The problem of workers running themselves into debt is widespread. “Many homeless people are just put into dormitories, and the fees for lodging and food are automatically docked from their wages,” said Aoki, the pastor. “Then at the end of the month, they’re left with no pay at all.”

Shizuya Nishiyama, 57, says he briefly worked for Shuto clearing rubble. He now sleeps on a cardboard box in Sendai Station. He says he left after a dispute over wages, one of several he has had with construction firms, including two handling decontamination jobs.

Nishiyama’s first employer in Sendai offered him \$90 a day for his first job clearing tsunami debris. But he was made to pay as much as \$50 a day for food and lodging.

He also was not paid on the days he was unable to work. On those days, though, he would still be charged for room and board. He decided he was better off living on the street than going into debt.

“We’re an easy target for recruiters,” Nishiyama said. “We turn up here with all our bags, wheeling them around and we’re easy to spot. They say to us, are you looking for work? Are you hungry? And if we haven’t eaten, they offer to find us a job.”

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