

## **Real estate booking company folds, owes workers back pay**

*Written by Wade Malcolm The News Journal*

*Dec. 11, 2013 |*

*delawareonline.com*

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A troubled Newark business closed its doors with little warning Tuesday, leaving about 60 local people jobless and, to make matters worse, fearing the company will stiff them on two weeks of back pay.

eShowings Inc. –which hosted a service to help real estate agents arrange home showings –had struggled to avoid bouncing paychecks since its founder was indicted in April, according to one former employee. Company CEO Charles Smith recently received a 30-month prison sentence for pocketing employee payroll taxes instead of turning them over to the IRS.

Company officials did not give workers their last two paychecks, but told employees they would be paid the money they were owed when they came to work Tuesday, said Tamra Bailey, a former employee.

But when workers arrived at their office in the White Clay Center Tuesday, they found a locked door with a sign saying the company had closed.

“How can you do that to people?” said Bailey, of New Castle. “It’s sad that so many people are affected especially with it being Christmas time.”

Bailey said she and other co-workers tried calling the office and company managers but couldn’t reach anyone.

“We can’t contact anyone,” she said. “We can’t ask about our paychecks, what’s going on with our 401(k)s, nothing.”

The problems started in the summer when banks started refusing the paychecks of some eShowings employees due to insufficient funds, Bailey said. Employees also didn’t know that Smith had collected taxes from their pay but did not provide the money to the IRS, according to federal court documents.

Instead, Smith wrote checks to himself or withdrew money to spend “on personal expenditures, including a pontoon boat, dinners for friends and family members, tuition and personal loan payments, gambling, improvements to his homes in Bear, Delaware and Lewes, Delaware, home utilities and personal vacations,” federal prosecutor Jennifer K. Welsh wrote in a pre-sentencing memorandum.

A judge sentenced Smith to 30 months in prison and ordered him to pay more than \$300,000 in restitution to the government in October. Smith resigned as CEO and started serving his time last week.

eShowings has about another 100 employees in locations outside Delaware, some in Wilmington, N.C. who also saw their call center closed abruptly this week with back wages owed, according to the Wilmington Star News.

Most of the Delaware employees worked as call center customer service representatives, and some discovered their company’s fate Tuesday morning after taking the bus from Wilmington in the snow, said Kia Cale, an assistant floor manager at eShowings.

While eShowings bounced checks, Smith and other company higher-ups drove fancy cars and went on expensive trips, Cale said.

Workers also discovered the company continued to deduct for a dental insurance premium even though they stopped paying the bill, Cale said.

The workers do have recourse under Delaware law to pursue their unpaid wages and could file complaints with the state's Office of Labor Law Enforcement, said John M. LaRosa, an employment attorney based in Wilmington. But that can be a challenge, he said.

"Obviously the difficulty is trying to track down the employer and trying to get blood from a stone if the employer is bankrupt or insolvent," LaRosa said.

If the company is broke, the employees would have to pursue action as a creditor in U.S. Bankruptcy Court, LaRosa said.

Smith's attorney could not be reached for comment. The company's website was no longer working Wednesday, and company officials could not be reached.

The company had provided services for real estate associations around the country, as well as several major firms in Delaware, including Patterson-Schwartz Real Estate, Keller Williams Realty and Prudential Fox & Roach (now known as Berkshire Hathaway HomeServices).

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