

No. 25-966

In the Supreme Court of the United States

DEPARTMENT OF LABOR, ET AL.,
PETITIONERS

v.

SUN VALLEY ORCHARDS, LLC
RESPONDENT

*ON WRIT OF CERTIORARI TO THE UNITED STATES
COURT OF APPEALS FOR THE THIRD CIRCUIT*

**BRIEF OF AMICUS CURIAE PROFESSOR
ILAN WURMAN IN SUPPORT OF RESPONDENT**

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TABLE OF CONTENTS

	Page
TABLE OF AUTHORITIES	ii
INTEREST OF <i>AMICUS CURIAE</i>	1
SUMMARY OF THE ARGUMENT	1
ARGUMENT	3
I. In this Court’s leading precedents, the only consequence for failing to pay a regulatory penalty was loss of the public privilege.....	3
A. Public rights	4
B. Constitutional conditions.....	7
C. This Court’s precedents	11
II. The Court can decide this case on the relatively narrow ground that regulatory penalties enforceable irrespective of the continued receipt of public benefits, without courts and juries, is unconstitutional.....	18
CONCLUSION	21

TABLE OF AUTHORITIES

	Page(s)
Cases	
<i>Atlas Roofing Co. v. Occupational Health and Safety Review Commission</i> , 430 U.S. 442 (1977)	5, 21, 22
<i>Bartlett v. Kane</i> , 57 U.S. 263 (1853)	15
<i>Broadrick v. Oklahoma</i> , 413 U.S. 601 (1973)	10
<i>Burfenning v. Chicago, St. P., M. & O. Ry. Co.</i> , 163 U.S. 321 (1896)	7
<i>Buttfield v. Stranahan</i> , 192 U.S. 470 (1904)	14
<i>Crowell v. Benson</i> , 285 U.S. 22 (1932)	6
<i>Ex parte Curtis</i> , 106 U.S. 371 (1882)	12
<i>Lloyd Sabaudo Societa Anonima per Azioni v. Elting</i> , 287 U.S. 329 (1932)	2, 20
<i>N. Pipeline Construction Co. v. Marathon Pipe Line Co.</i> , 458 U.S. 50 (1982)	6, 9
<i>Nat’l Fed’n of Indep. Bus. v. Sebelius</i> , 567 U.S. 519 (2012)	13

<i>Nollan v. Cal. Coastal Comm’n</i> , 483 U.S. 825 (1987)	11
<i>Oceanic Steam Navigation Co. v. Stranahan</i> , 214 U.S. 320 (1909)	2-4, 14, 18-21
<i>Passavant v. United States</i> , 148 U.S. 214 (1893)	14-16
<i>Perry v. Sindermann</i> , 408 U.S. 593, 597 (1972)	11
<i>Sampson v. Peaslee</i> , 61 U.S. 571 (1857)	14
<i>Securities & Exchange Commission v. Jarkesy</i> , 603 U.S. 109 (2024)	3, 4, 21
<i>South Dakota v. Dole</i> , 482 U.S. 203 (1987)	10, 12, 13
<i>Stern v. Marshall</i> , 564 U.S. 462 (2011)	6
<i>Steward Mach. Co. v. Davis</i> , 301 U.S. 548 (1937)	13
<i>Sun Valley Orchards v. U.S. Dep’t of Lab.</i> , 148 F.4th 121 (3d. Cir. 2025)	22
<i>United Public Workers v. Mitchell</i> , 330 U.S. 75 (1947)	10, 12
<i>United States v. Sherman & Sons Co.</i> , 237 U.S. 146 (1915)	17, 18

<i>Wyman v. James</i> , 400 U.S. 309 (1971)	10, 12
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Statutes

29 C.F.R. 501.16(a)(1)	24
5 U.S.C. §§ 7321–7326	10
8 U.S.C. § 1188(g)(2)	24
An Act to simplify the laws in relation to the collection of the revenues, 26 Stat. 131, 134-35 (June 10, 1890)	16
Immigration Act of 1917, Ch. 29, 39 Stat. 874	21
U.S. CONST. amend V	5
U.S. CONST., amend VII	5
U.S. CONST., art. III	5

Other Authorities

1 WILLIAM BLACKSTONE, COMMENTARIES ON THE LAWS OF ENGLAND (1765)	5
Caleb Nelson, <i>Adjudication in the Political Branches</i> , 107 COLUM. L. REV. 559 (2007)	6, 8
Caleb Nelson, <i>Sovereign Immunity as a Doctrine of Personal Jurisdiction</i> , 115 HARV. L. REV. 1559 (2002)	8

Developments in the Law, <i>Immigration Policy and the Rights of Aliens</i> , 96 HARV. L. REV. 1286 (1983).....	8, 18
ILAN WURMAN, ADMINISTRATIVE LAW THEORY AND FUNDAMENTALS: AN INTEGRATED APPROACH (3d. ed. 2025)	1
Ilan Wurman, <i>Public Rights and the Doctrine of Unconstitutional Conditions</i> , 78 Admin. L. Rev. (forthcoming 2026)	1
John Harrison, <i>Public Rights, Private Privileges, and Article III</i> , 54 Ga. L. Rev. 143 (2019).....	7, 19
Kathleen M. Sullivan, <i>Unconstitutional Conditions</i> , 102 HARV. L. REV. 1413 (1989).....	9, 12
Richard H. Fallon, Jr., <i>Of Legislative Courts, Administrative Agencies, and Article III</i> , 101 HARV. L. REV. 915 (1988).....	18

INTEREST OF *AMICUS CURIAE**

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SUMMARY OF THE ARGUMENT

In the courts below, none of the parties appreciated the precise nature of this case. The regulated entity argues that these matters, involving money penalties and backpay, are matters of private rights. The agency argues that immigration and public benefits are a matter of public rights. Neither is quite correct because this case involves both types of rights. The question involved is whether the government may condition the receipt of a public right—for example, the right to bring in foreign workers—on the recipient’s forgoing a private right.

The doctrine that resolves such questions is called the doctrine of unconstitutional conditions, although it would be more apt to describe it as the doctrine of

* In accordance with Rule 37.6, no counsel for any party authored this brief in whole or in part, and no person or entity other than *amicus* made a monetary contribution intended to fund the brief’s preparation or submission.

constitutional conditions. This brief argues that the government may condition a public right on the recipient's forgoing a private right, including the right to a jury trial prior to the imposition of a fine, but only if the conditions meet specific requirements.

A critical component of the analysis, supported by this Court's historic public rights cases, *is that the consequence for failure to pay must be no more than the loss of the public privilege*. That is precisely what occurred in this Court's leading case, and the leading precedent upon which the government relies: *Oceanic Steam Navigation Co. v. Stranahan*, 214 U.S. 320 (1909); *see also Lloyd Sabaudo Societa Anonima per Azioni v. Elting*, 287 U.S. 329 (1932). In these leading cases, the only consequence for failing to pay the fine was the loss of the public privilege (vessel clearance to import aliens). This Court routinely stated that that was why such matters were for "administrative" competence.

Here, the regulatory scheme requires payment of the penalties independently of the ongoing receipt or loss of the public benefit and is therefore unconstitutional for that reason. And, if any backpay order would be enforceable independently of the continuing receipt (or not) of the public rights under this foreign-worker program, then that, too, would be unconstitutional. If the only consequence, however, is loss of the right to participate in the program—and Congress could easily amend the statute, or the agency could easily amend the regulations, to provide for that consequence alone—that would pass constitutional muster and be consistent with this Court's leading precedents.

ARGUMENT

I. In this Court’s leading precedents, the only consequence for failing to pay a regulatory penalty was loss of the public privilege.

In *Securities and Exchange Commission v. Jarkesy*, 603 U.S. 109 (2024), the majority and dissenting opinions appreciated the importance of one of this Court’s leading precedents, *Oceanic Steam Navigation Co. v. Stranahan*, 214 U.S. 320 (1909). *Oceanic Steam* involved a regulatory money penalty imposed on a vessel that sought to bring in immigrants with diseases that could have been detected prior to embarking on the voyage. If the vessel refused to pay, docking privileges were denied. This Court upheld the imposition of the regulatory fine.

The majority in *Jarkesy* concluded that the money penalty in *Oceanic Steam* was constitutional because Congress’s power over foreign commerce and immigration was “so total” as to permit the penalties. *Jarkesy*, 603 U.S. at 129 & n.1. That account does not sufficiently appreciate that Congress’s authority over many areas is similarly total. The dissent, on the other hand, argued that if the money penalties involved in that case were constitutional, then “civil-penalty claims brought by the Government” to enforce statutory prohibitions within Congress’s power to enact must be constitutional in a broad range of contexts. *Id.* at 176 (Sotomayor, J., dissenting). That is also incorrect because the failure to pay in *Oceanic Steam* involved only the loss of the public privilege itself.

Oceanic Steam was rather a case about constitutional conditions. It involved the question whether Congress can condition receipt of a public privilege

(docking privileges to bring in immigrants, itself a public right) on forgoing a private right (the right to a jury trial in an Article III court before imposition of a money penalty). The Court concluded yes, because the only consequence of a failure to pay was loss of a public privilege and because the small money penalties were germane to the program in question; they induced efficient performance of the regulatory obligation at issue.

Understanding the nature of this Court's leading precedents helps explain many of this Court's public rights cases; why *Atlas Roofing Co. v. Occupational Health and Safety Review Commission*, 430 U.S. 442 (1977), erred by allowing imposition of money penalties outside a public rights scheme; and how the present case should be resolved.

A. Public rights

1. At the most basic level, private rights are natural rights belonging to the individual, which exist antecedent to civil society. 1 WILLIAM BLACKSTONE, COMMENTARIES ON THE LAWS OF ENGLAND 117-41 (1765); *see especially id.* at 119 (these rights “belong to their persons merely in a state of nature, and which every man is intitled to enjoy whether out of society or in it”). These are the rights to life, liberty, and property that the government cannot take away without due process of law. U.S. CONST. amend V (“[N]or [shall any person] be deprived of life, liberty, or property, without due process of law.”). Any suit to deprive someone of such rights pursuant to a law of the United States would be a suit at common law, equity, or admiralty arising under the laws of the United States, thereby requiring an Article III adjudica-

tion, *id.* art. III, and the suit would require a jury for legal remedies, *id.* amend VII.

The private rights category also includes disputes between two private parties involving their legal relations—as this Court has said, “the liability of one individual to another under the law as defined.” *Crowell v. Benson*, 285 U.S. 22, 51 (1932). A court is required to declare or adjust any relative liberty or property rights. Thus, a court is required to declare the property of one belongs to another under existing law, or that a contract has been breached and performance is due. *N. Pipeline Constr. Co. v. Marathon Pipe Line Co.*, 458 U.S. 50 (1982); *Stern v. Marshall*, 564 U.S. 462 (2011).

2. Public rights, in contrast, generally fall into two overlapping categories. The first includes rights that do not exist in the state of nature. These are rights—or privileges or benefits, to be more precise—that only exist by virtue of government grace or largesse. Public employment is one example. Public welfare benefits are another: there is no public treasury in the state of nature, and certainly no private right to access welfare benefits derived from that treasury. Caleb Nelson, *Adjudication in the Political Branches*, 107 COLUM. L. REV. 559, 565-86 (2007); John Harrison, *Public Rights, Private Privileges, and Article III*, 54 GA. L. REV. 143, 160-79 (2019).

This reasoning applies to other resources held by the government, such as public lands. Although there is a private right to land ownership, there is no private right to land the government owns for the benefit of all in common. The distribution of such land is in its nature like a welfare benefit. Once such lands or benefits are distributed, however, those benefits

operate just as do private rights and thus vest in the individual receiving them. *See, e.g., Burfening v. Chicago, St. P., M. & O. Ry. Co.*, 163 U.S. 321 (1896).

A second category of public rights is common and limited natural resources. Access to these rights do, in a sense, exist in the state of nature. One can freely travel on roads and rivers in the state of nature. But unlike the general right to acquire property or to engage in locomotion or to enter into contracts, such rights belong to all in common in a narrower geographic sense. All equally have a right to access the common highways and rivers. All equally have a right to access the common fisheries. All equally have a right to access the airwaves. In their nature these rights are limited because not all can access them at the same time or without depletion. As Caleb Nelson has summarized, public rights belong to the people as a whole, and typically include “proprietary rights held by government on behalf of the people, such as the title to public lands or the ownership of funds in the public treasury” and collective rights such as the “rights to sail on public waters or to use public roads.” Nelson, *supra*, at 566.

Immigration, it is undisputed here, is a classic public right. There are no nation-states in the state of nature. There is no private right to become a member of any political society one wishes to join. *See, e.g., Developments in the Law, Immigration Policy and the Rights of Aliens*, 96 HARV. L. REV. 1286, 1318 (1983) (noting the rights-privileges distinction as applied to these cases).

3. The public rights doctrine, properly so called, is not truly an exception to Article III. If the public rights doctrine were limited to public benefits, for in-

stance, sovereign immunity would bar any lawsuit over access. Without the sovereign's consent to suit, there would be no defendant and therefore no "case" or "controversy" for a court to resolve. Caleb Nelson, *Sovereign Immunity as a Doctrine of Personal Jurisdiction*, 115 HARV. L. REV. 1559 (2002). Without a "case" or a "suit," neither Article III nor the Seventh Amendment would apply. The sovereign's power to deny consent further implies the power to decide such matters by private bill or to delegate adjudication exclusively to the executive branch. *See also N. Pipeline*, 458 U.S. at 67 (observing that the doctrine permitting certain cases to be adjudicated in non-Article III courts "may be explained in part by reference to the traditional principle of sovereign immunity, which recognizes that the Government may attach conditions to its consent to be sued").

B. Constitutional conditions

1. The unconstitutional conditions doctrine, or the constitutional conditions doctrine, relates to the doctrine of public rights. The question in such cases is whether access to a public right can be conditioned on forgoing a private right. The doctrine arises, that is, when the government offers a benefit that it is "permitted but not compelled to provide"—such as direct subsidies, other welfare benefits, or public employment—on condition that the recipient perform or forgo an activity over which he has autonomous choice and which "a preferred constitutional right normally protects from government interference." Kathleen M. Sullivan, *Unconstitutional Conditions*, 102 HARV. L. REV. 1413, 1421-27 (1989).

The doctrine applies in a variety of contexts. It applies to the question whether Congress can condi-

tion the receipt of federal funds on states' forgoing regulatory autonomy. In *South Dakota v. Dole*, this Court upheld Congress's conditioning the receipt of a portion of federal highway funds on the states' increasing their legal drinking age. 483 U.S. 203 (1987). The theory seems to have been that the state has no right to the federal funding—it is a privilege the government can grant or deny at its pleasure—and so it can condition receipt of the privilege on the state's forgoing some regulatory autonomy with which the federal government could not directly interfere.

The constitutional conditions doctrine has featured in many individual rights cases, of particular relevance here. This Court has upheld conditions on public employment, which is a public privilege, that require employees to forgo First Amendment rights to engage in partisan political activity. *United Public Workers v. Mitchell*, 330 U.S. 75 (1947); *Broadrick v. Oklahoma*, 413 U.S. 601, 616-17 (1973); 5 U.S.C. §§ 7321–7326. This Court has also upheld a condition on the receipt of welfare benefits that required recipients to forgo Fourth Amendment rights, requiring their agreement to welfare searches of their homes. *Wyman v. James*, 400 U.S. 309, 317-18 (1971). This Court has also suggested that a state's greater power to deny a building permit to preserve the public right of ocean access includes the lesser power to grant the permit on the condition of creating a public easement without compensation under the Fifth Amendment. *Nollan v. Cal. Coastal Comm'n*, 483 U.S. 825 (1987).

All of these problems have the same basic structure. The question is whether the government may condition the receipt of a public privilege or benefit to which there is no entitlement in the first place (fed-

eral highway funds, government employment, welfare benefits, obstructing public access to a common resource) on the recipient's forgoing what otherwise would be constitutionally protected autonomy (the right to regulate drinking age, to engage in partisan political activities, to enjoy privacy in the home, to prevent public access to one's property).

It should be noted that this Court does not often use the language of "unconstitutional conditions," and it has suggested that the doctrine is disfavored. This Court has often said that the rule is that the government "may not deny a benefit to a person on a basis that infringes his constitutionally protected interests." *Perry v. Sindermann*, 408 U.S. 593, 597 (1972). Yet, that is precisely what this Court has permitted, so long as the government carefully adheres to the proper framework.

2. The central part of the analysis is germaneness. In the federalism context, the Court has explained that "conditions on federal grants might be illegitimate if they are unrelated 'to the federal interest in particular national projects or programs.'" *Dole*, 483 U.S. at 207; *id.* at 208 & 208 n.3 (describing this condition as "germaneness"). In the public employment and First Amendment cases, the Court focused on the importance of efficiency, integrity, and neutrality among government servants and has held that forgoing some First Amendment rights is a legitimate and just "purpose" of legislation relating to such employment. *Ex parte Curtis*, 106 U.S. 371, 373 (1882); *Mitchell*, 330 U.S. at 97-98. In the welfare search context, the Court has approved suspicionless searches because the state has an "appropriate and paramount interest and concern in seeing and assuring that the

intended and proper objects of that tax-produced assistance are the ones who benefit from the aid it dispenses.” *Wyman*, 400 U.S. at 319. “[T]he greater power to deny for a good reason includes the lesser power to condition for the same reason,” Professor Sullivan has explained, citing Robert Hale, “but government cannot impose a condition for a reason not germane to one that would have justified denial.” Sullivan, *supra*, at 1460.

Critically, in each of these cases, the only consequence for failure to observe the condition was a loss of the public privilege. As soon as a public employee becomes again a private figure, he retains all of his First Amendment rights. And, as this Court explained in *Wyman*, “[t]he only consequence of [a] refusal” to agree to welfare searches “is that the payment of benefits ceases,” which is “no different than if she had exercised a similar negative choice initially and refrained from applying for [welfare] benefits.” 400 U.S. at 325. If the consequence extended beyond loss of the privilege, then it would no longer be germane to that privilege and would not be a mere incident of the grant of the public right. The condition would instead be an impermissible regulation of private rights.

3. Another factor in the analysis is that the condition must not be unduly coercive: it must leave the recipient with a genuine choice whether to accept or refuse. This condition is less discussed. In the federalism cases, the Court’s “decisions have recognized that in some circumstances the financial inducement offered by Congress might be so coercive as to pass the point at which ‘pressure turns into compulsion.’” *Dole*, 483 U.S. at 211 (quoting *Steward Mach. Co. v.*

Davis, 301 U.S. 548, 590 (1937)). In that case, losing a mere five percent of the state’s federal highway funds was held not to be coercive, leaving the state a genuine choice to forgo the funds and maintain its lower drinking age. On the other hand, threatening a state with a loss of its entire Medicaid funding unless it agreed to administer an expanded program for the government was a “gun to the head.” *Nat’l Fed’n of Indep. Bus. v. Sebelius*, 567 U.S. 519, 581 (2012).

C. This Court’s precedents

This Court’s public rights cases are explicable within the framework of the constitutional conditions doctrine. The central precedents supporting regulatory penalties involve the customs and immigration contexts. But—crucially—the only consequence for failure to pay would be denial of the public right.

1. *Customs*. The appraisal of imports has long been held to be a public right. *See, e.g., Buttfield v. Stranahan*, 192 U.S. 470, 493 (1904) (“As a result of the complete power of Congress over foreign commerce, it necessarily follows that no individual has a vested right to trade with foreign nations which is so broad in character as to limit and restrict the power of Congress to determine what articles of merchandise may be imported into this country and the terms upon which a right to import may be exercised.”); *Oceanic Steam*, 214 U.S. at 335 (quoting same).

In *Passavant v. United States*, 148 U.S. 214 (1893), and a few earlier cases,¹ the Court addressed

¹ *Bartlett v. Kane*, 57 U.S. 263, 270 (1853); *Sampson v. Peaslee*, 61 U.S. 571, 580 (1857).

whether the customs service could impose, without judicial review, additional “penalty” duties when the appraised value sufficiently differed from the value declared by the importer. The Court explained as a general matter that the government’s tariff legislation provided “for a speedy and equitable adjustment” of the value, and if judicial review were available “the prompt and regular collection of the government’s revenues would be seriously obstructed and interfered with.” *Passavant*, 148 U.S. at 220. Judicial review would unfold years after the goods had left the government’s possession. *See also Bartlett*, 57 U.S. at 272-73 (“Every importer might feel justified in disputing the accuracy of the judgment of the appraisers, and claim to make proof before a jury, months and even years after the article has been withdrawn from the control of the government, and when the knowledge of the transaction has faded from the memories of its officers.”).

As for the additional penalty, the Court explained that such additional duties “are the compensation for a violated law, and are designed to operate as checks and restraints upon fraud.” *Passavant*, 148 U.S. at 221 (quoting *Bartlett*, 57 U.S. at 274). “They are designed to discourage undervaluation upon imported merchandise,” the Court added, “and to prevent efforts to escape the legal rates of duty.” *Id.* Whether designated a duty or a “penalty,” Congress had the power to authorize its imposition, the Court held, because it “was a legal incident to the finding of a dutiable value in excess of the entry value to the extent provided by the statute.” *Id.* at 222.

The question in the case, best understood, was whether as a condition of enjoying the public right of

importing foreign goods, importers could be made to sacrifice a portion of their private rights. The answer was yes, and the Court went to great lengths to explain the condition's germaneness. If the reason for the condition would justify prohibiting the importation altogether, then it would be a constitutional condition. That is, if Congress could prevent importation altogether—which it could do without an Article III court and Seventh Amendment jury because importation is a public right—then surely it could *condition* importation on the payment of a penalty without a court and jury, so long as the reason that would support a prohibition also underlay the condition.

Dishonesty on the part of the importer, or failing to pay proper duties, would be proper grounds to prohibit importation altogether—again, which could be accomplished without a judge or jury. As a consequence, the government could exercise the lesser power of imposing a condition permitting importation on forgoing any Article III or jury rights should the collectors find discrepancies in the actual and stated values. The money penalties would induce efficient performance of the regulatory obligations, and failure to abide by those regulations would also justify a prohibition.

Most importantly, the only consequence for failing to pay the duty was losing a public right, namely, the right to import the goods into the United States. *There was no consequence other than the goods could not be unloaded without paying the additional duty.*²

² See An Act to simplify the laws in relation to the collection of the revenues, 26 Stat. 131, 134-35 (June 10,

Hence the condition was directly connected to the continued enjoyment of a public right. This Court confirmed this understanding in 1915. The reason penalties and assessments could be paid without a proper judicial proceeding, and that the question was an “administrative matter,” was because “the assessment is *in rem* and against the foreign goods which are sought to be entered.” *United States v. Sherman & Sons Co.*, 237 U.S. 146, 153 (1915). This was a “limited administrative power to make a *quasi*-judgment *in rem*, against goods in possession.” *Id.* at 155. The Court rejected the proposition—as a statutory matter but with constitutional overtones—that the government could, without a proper judicial trial, seek to collect new amounts after making allegations of fraud well after the goods were imported. *Id.* at 156–58.

In these cases, if the penalty had been imposed *irrespective* of the right to import the goods, that would have raised a thornier constitutional problem. All penalties, even those independently enforceable, surely deter wrongdoing, and in this case would have deterred the importer from providing a false value. But once the right to import the goods is forfeited, there is no longer any reason to impose the penalty. Any imposed penalty would no longer be germane to the purpose of the public benefit. The individual would have forfeited the public benefit, and the public would have reclaimed it. A condition on the exercise

1890). If the undervaluation was by over 40 percent, the goods could be seized, but the collector would still have to bring an action for fraud.

of a privilege must terminate with the privilege, otherwise the condition itself would be the regulation rather than a mere incident of the grant of a public privilege. And Congress could certainly not have provided as a general, standalone regulation that penalties for violations of law be paid without courts or juries.

2. *Immigration*. This Court’s subsequent language in the immigration context evokes the constitutional conditions doctrine more explicitly. Immigration is a classic public right: there is no private right to enter into any country one pleases. Richard H. Fallon, Jr., *Of Legislative Courts, Administrative Agencies, and Article III*, 101 HARV. L. REV. 915, 967-70 (1988); *Developments in the Law: Immigration Policy and the Rights of Aliens*, *supra*, 96 HARV. L. REV. at 1318. In *Oceanic Steam*, this Court addressed the constitutionality of a money penalty imposed for bringing in aliens with “loathsome” or contagious diseases that could have been detected at the port of departure. 214 U.S. at 330. The determination of the customs and immigration officials at the port of entry were exclusive of judicial review and therefore conclusive. *Id.* at 333. Critically, *the only consequence for failing to pay the penalty was the loss of the public privilege: no clearance papers would be given to any vessel from the company while the fines remained unpaid*. *Id.* at 332.³

³ John Harrison has explained that “clearance was very valuable to the steamship company, so it had strong incentives to pay the penalty,” but that “clearance was a privilege, not a right,” and therefore Congress “could create a form of executive adjudication by conditioning a ben-

The Court did not use the term “unconstitutional conditions doctrine,” but its language is rooted unmistakably in that idea. The Court stated: “We think . . . the power to refuse clearance to vessels was lodged for the express purpose of causing both the imposition of the exaction and its collection to be acts of administrative competency, not requiring a resort to judicial power for their enforcement.” *Oceanic Steam*, 214 U.S. at 333. That is, the greater power to deny for a good reason a public right altogether—clearance for vessels bringing in aliens—without a court or jury, must necessarily include the lesser power to condition such clearance on administrative findings, without a court or jury, so long as the condition advances that same good reason.

What brought the question into “administrative competency, not requiring a resort to judicial power,” *ibid*, was the fact that the only consequence was the denial of clearance, a public right. The Court subsequently reemphasized the consequence of failing to pay the penalty—the loss of a public right—and its connection to administrative competence: Congress’s “complete administrative control over the granting or refusal of a clearance also leaves no doubt of the right to endow administrative officers with discretion to refuse to perform the administrative act of granting a clearance, as a means of enforcing the penalty which there was lawful authority to impose.” *Id.* at 343.

The government relies heavily on *Lloyd Sabaudo Societa Anonima per Azioni v. Elting*, 287 U.S. 329

efit on compliance with the result of the adjudication.” Harrison, *supra*, 54 Ga. L. Rev. at 182-83.

(1932), but that case stands for the same proposition as *Oceanic Steam. Lloyd* involved a later statute nearly identical to the prior statute, again involving the bringing in of aliens with diseases. Clearance was to be denied to vessels unless they paid the fines. *Id.* a 333 & n.1; Immigration Act of 1917, Ch. 29, 39 Stat. 874, 881 (providing for withholding clearance “while the fines remain unpaid”).

3. As noted, this Court in *Jarkesy* may not have sufficiently appreciated the nature of the *Oceanic Steam* precedent. It does not stand for the proposition that Congress’s power over immigration is necessarily more total than its other granted powers. But neither does it stand for the proposition that Congress may freely permit the imposition of regulatory penalties in any area falling within its enumerated powers. Rather, the case stands for the proposition that Congress may condition a public privilege on forgoing a private right to an Article III court and Seventh Amendment jury if doing so is germane to the program and the only consequence for failing to pay is the loss of the public privilege.

4. It should now also be clear that *Atlas Roofing* was wrongly decided. That case involved regulatory penalties imposed for workplace safety violations. 430 U.S. 442. This Court upheld the penalty, reasoning that “Congress has often created new statutory obligations” and has “provided for civil penalties for their violation, and committed exclusively to an administrative agency the function of deciding whether a violation has in fact occurred.” *Id.* at 450. Both statements are true (but irrelevant): public rights cases never required judicial process and therefore required neither an Article III court nor a jury, and Congress

has indeed created new statutory obligations, such as in *Passavant* and *Oceanic Steam*, and appended civil penalties.

The difference is that such penalties were an incident to a public rights regime and the only consequence for failing to pay the fine was loss of the public privilege. The statute in *Atlas Roofing* did not involve public privileges at all, but rather traditional private rights: the rights to operate a private business, to hire workers, and the tort obligations of employer to employee. These rights exist antecedent to government, sovereign immunity does not apply, and the common law governed the relevant rights and relations. The imposition of money penalties without courts and juries cannot be understood as a condition on the receipt of some public benefit. There is no public benefit involved. The case involved private rights and only private rights.

II. The Court can decide this case on the relatively narrow ground that regulatory penalties enforceable irrespective of the continued receipt of public benefits, without courts and juries, is unconstitutional.

The Department of Labor imposed, in this case, regulatory penalties for violations of regulations governing a foreign laborer program, and ordered back-pay for violation of contracts with the foreign laborers. *Sun Valley Orchards v. U.S. Dep't of Lab.*, 148 F.4th 121 (3d. Cir. 2025). As should now be relatively clear, both the imposition of the fine and the contract dispute is a matter of private right. Immigration, however, is a public right. The case would thus seem to be governed by the unconstitutional conditions (or constitutional conditions) doctrine.

The Third Circuit quite correctly observed, “[T]hat DOL has *some* authority to proceed in a non-Article III tribunal does not give it carte blanche to do so for *all* violations.” *Id.* at 131. The court was also correct to observe that the case was in its nature like a “suit for breach of contract, which would have traditionally been heard in common law courts.” *Id.* at 129. And it was correct that the penalties were common-law remedies. The government, for its part, was also correct that “immigration is traditionally a matter of public rights,” over which the government has “plenary power.” *Id.* at 129–30.

The Government mostly frames the case correctly, except for one crucial piece. The public rights category, the Government asserts, “encompasses government programs granting employers or other third parties the special privilege of obtaining authorization to bring aliens into the United States, subject to the terms and conditions the government prescribes.” Pet. Br. at 3. That is correct but incomplete. The conditions must be constitutional conditions.

The proper framework for thinking about this case is as follows. To the extent the failure to pay the backpay or the regulatory penalty would lead only to the loss of privileges under the program—the loss of the right to hire foreign workers—it would fit the mold of typical constitutional conditions. The agency could certainly adjudicate the matter as a condition of continuing participation in the program. If the backpay dispute and the regulatory penalty are independently enforceable, however—the company has to pay it whether or not the company is permitted to continue participating in the public rights program—then it would be a matter of purely private right. Of

course, in this unique case, if the company refuses to pay the backpay and forgoes the public privilege, the employee may still have a claim against the employer, but that would require an Article III (or state) court exercising judicial power to resolve.

Under the regulation, the DOL penalties are independently enforceable. 29 C.F.R. 501.16(a)(1). The agency contends that these regulations are authorized by 8 U.S.C. § 1188(g)(2), which authorizes the Secretary “to take such actions, including imposing appropriate penalties and seeking appropriate injunctive relief and specific performance of contractual obligations, as may be necessary to assure employer compliance with terms and conditions of employment under this section.”

The statute would seem to authorize the imposition of money penalties as a condition of continued participation. But if interpreted to authorize the imposition of penalties that are enforceable independently of whether the regulated party wishes to continue receiving the public benefit, such penalties would not but germane and would not be constitutional. The Court should clarify the interrelation of the public rights and constitutional conditions doctrine and declare the regulations unlawful to the extent they can be independently enforced. If such penalties are merely imposed as a condition of continued participation in the program, then they would be constitutional—so long as the condition is germane and not coercive. The Court need not, however, reach those questions, because the penalties are enforceable beyond the mere loss of the public right, which sufficiently establishes their unconstitutionality.

CONCLUSION

This Court should reassess its understanding of its leading precedents, including *Oceanic Steam*. The reason money penalties were permissible in that case was because the only consequence of failure to pay was the loss of a public privilege, and the condition was thought to be germane. *Atlas Roofing* erred because that case involved only private rights, and no public rights were at issue. *Jarkesy* similarly involved no public rights at all.

Here, a public right is at issue—immigration, and the right to hire foreign laborers—but the money penalties (and backpay) involve private rights. The question is whether the statute conditions receipt of the public right on forgoing the private right, and whether that condition is germane. Here, the condition is not germane because the penalties are not imposed as a condition of ongoing receipt of the public privilege but are instead enforceable irrespective of the ongoing receipt of that privilege. It therefore goes beyond this Court’s prior precedents, including the precedent of *Oceanic Steam*.

Respectfully submitted,

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