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Contractors Charged with Stealing Over \$1 Million by Shortchanging Workers in New York City Housing Authority Construction Project

Allegedly Paid Less Than Half the Prevailing Wage and Pocketed the Rest, Instructed Workers to Deceive Inspectors; Also Charged With Demanding Kickbacks

Brooklyn District Attorney Ken Thompson, together with New York City Department of Investigation Commissioner Mark G. Peters, today announced in a 40-count indictment that a contractor, his subcontractor and a foreman have been variously charged with stealing over \$1 million in wages by underpaying 27 employees who worked on a construction project in Brooklyn that was financed by the New York City Housing Authority (NYCHA). The defendants allegedly instructed the workers to lie to integrity inspectors about how much they were actually earning and also demanded kickbacks from four workers.

District Attorney Thompson said, “These defendants were expected to make much needed repairs to these housing developments, and not steal from their employees and line their own pockets. To make matters worse, they allegedly made the victims lie to conceal the fact that their wages were being stolen. We’ll now make sure that all of the employees get back every penny that they worked so hard to earn and prosecute everyone involved in this outrageous scheme.”

DOI Commissioner Peters said, “For over a year these defendants not only deceived and siphoned over \$1 million from their employees rightful wages, but doctored payroll records and covered up their crimes, according to the charges. The investigation initiated by DOI’s integrity monitor exposed this charged conduct. In partnership with the Brooklyn District Attorney and his staff, we are working to return those workers’ stolen wages, restoring faith in construction projects in New York City, and stopping unscrupulous companies and their principals from getting further taxpayer-funded work.”

The District Attorney identified the defendants as Mehdi (“Morris”) Dayan, 67, of 120 Ash Drive in Roslyn, NY; his company, EEC Group Tech Inc., located at 366 North Broadway in Jericho, NY; Mohammed (“Taju”) Miah, 58, of 674 Rockaway Parkway in Canarsie, Brooklyn; his company, T&J Contracting Inc., located at 1590 Atlantic Avenue in Crown Heights, Brooklyn; and Sharifullah Sowpon, 41, the foreman of T&J Contracting, also of 674 Rockaway Parkway in Canarsie, Brooklyn.

They were arraigned today in front of Brooklyn Supreme Court Justice Danny Chun on the indictment that charges Dayan with first- and second-degree grand larceny, first-degree scheme to defraud, “kick-back” of wages and other counts, and charges Miah and Sowpon with second-degree grand larceny, first-degree scheme to defraud, “kick-back” of wages and other counts. Dayan faces up to 25 years in prison if convicted of the top count with which he is charged and the other defendants face up to 15 years in prison if convicted of the top count with which they are charged.

The District Attorney said that on December 19, 2013, defendant Dayan, as president and owner of EEC Group Tech Inc., submitted an \$8 million bid to NYCHA for a contract to preform exterior restoration and roofing replacement at two Brooklyn housing developments: the Brown Houses at 1776 Prospect Plaza in Crown Heights and Glenmore Plaza at 89 Christopher

Avenue in Brownsville. The bid listed T&J Contracting Inc. as masonry and roofing subcontractor. EEC won the bid on March 28, 2014.

The bid and contract repeatedly stated that the defendants were obligated to pay federal Davis-Bacon prevailing wages to all workers. The hourly rates, including benefits, ranged from \$61.50 to \$82.31. After 40 hours a week, the contract required wages of time-and-a-half. NYCHA employed an integrity monitor, whose representatives regularly visited the worksite, checked that the correct wages were posted, reviewed payroll reports, interviewed workers and repeatedly admonished the defendants to pay the correct prevailing wages.

Between April 29, 2014 and November 19, 2015, 27 employees on the project worked as mason tenders, roofers, bricklayers, carpenters and stone masons. The defendants listed the names of nearly all of these employees on the certified payroll reports submitted to NYCHA, which stated that the defendants had paid all workers the correct wages. It is alleged that, in reality, the workers were paid between \$15 and \$25 per hour and some were not paid for all the weeks of work. In addition, defendants Miah, Sowpon and an individual working on behalf of EEC and Dayan allegedly demanded kick-backs of up to \$2,000 from four workers.

In an attempt to evade discovery of the scheme, defendants Miah and Sowpon instructed workers to tell the integrity monitors that they were getting paid between \$54 and \$74 per hour and all the defendants made the workers sign an acknowledgement form, stating that each worker received full Davis-Bacon prevailing wages, when that was not true, and released the defendants from any claim for wages, according to the indictment. Defendants Dayan and EEC instructed their outside payroll service to create payroll records showing that workers received prevailing wages that matched the certified reports submitted to NYCHA. It is alleged that the company never distributed most of these checks to the workers and, despite repeated requests, never provided the integrity monitor with copies of the cashed employee paychecks.

As a result of the scheme, Dayan and EEC stole over \$1 million in contract payments intended for workers. Dayan took out at least \$400,000 from the business account, spent some of that money on renovations to his 5,000-square-foot, 13-room home in Nassau County and on a Mercedes Benz, according to the investigation. Miah and T&J are charged with stealing over \$50,000 in the course of the scheme.

The case was investigated by the Department of Investigation's Inspector General for the New York City Housing Authority, specifically Special Investigator Ryan Covino, Special Investigator David Haynes, Investigative Auditor Lester Dier, Chief Investigator Emily Bizzarro, Chief Investigator Nancy Roa, and Assistant Inspector General Natalie Wright under the supervision of Deputy Inspector General Edward Bradley, Inspector General Ralph Iannuzzi and Associate Commissioner James Flaherty, with the assistance of DOI's Integrity Monitor Thatcher Associates, and by the Office of the Inspector General for the Department of Housing and Urban Development, specifically Special Agent Michael Granatstein.

The case is being prosecuted by Meredith McGowan, Deputy Chief of the District Attorney's Labor Fraud Unit and Senior Assistant District Attorney Betty Rodríguez, under the supervision of Felice Sontupe, Chief of the Frauds Bureau, and the overall supervision of Executive Assistant District Attorney William E. Schaeffer, Chief of the Investigations Division, and Patricia McNeill, Deputy Chief.

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