

News from Attorney General Eric T. Schneiderman

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A.G. SCHNEIDERMAN AND D.O.I. COMMISSIONER PETERS ANNOUNCE ARRESTS OF NYC SCHOOL CONSTRUCTION AND HOUSING AUTHORITY CONTRACTORS AND LABOR BROKERS

*Contractors Allegedly Paid Workers Below Prevailing Wage, Labor Brokers
Demanded Kickbacks On NYC School And Housing Construction Projects*

*Schneiderman: Contractors Who Work On Public Projects Cannot Ignore New York
State's Labor Laws In Order To Line Their Own Pockets*

NEW YORK – Attorney General Eric T. Schneiderman and New York City Department of Investigation Commissioner Mark G. Peters announced today the arrests and indictments of a contractor and two labor brokers overseeing New York City School Construction Authority (SCA) and Housing Authority (NYCHA) projects for allegedly underpaying construction workers. The arrests stem from a joint investigation into underpayment and kickback schemes on projects at P.S. 196K, a public school in Brooklyn, and the Pomonok Houses Project in Queens. As alleged in two indictments, several workers were deprived of several thousand dollars each from the alleged schemes. If convicted on the top counts, each defendant faces up to seven years in prison.

“Contractors who work on public projects cannot ignore New York State’s labor laws in order to line their own pockets,” said **Attorney General Schneiderman**. “In this case and many others, my office is taking aggressive action, including criminal prosecution when appropriate, to ensure that workers are paid the wages they've earned.”

"Not only does prevailing wage fraud deprive honest workers of fair pay, but it is a gateway to other schemes that endanger public safety. Exposing and putting an end to prevailing wage fraud is a cornerstone of DOI's multi-pronged effort to combat corruption in New York City construction. I thank the Attorney General and his staff for their partnership on these important cases," **New York City Department of Investigation Commissioner Mark G. Peters** said.

Singh Indictment:

Exterior renovations at P.S. 196K were being performed under a contract with the SCA. Article 8 of New York State Labor Law mandates that construction workers on any “public works” project receive prevailing wages, an hourly rate (above minimum-wage) that varies depending on the classification of the worker, and benefits.

Many of the construction workers got their job through “labor brokers” Baldev and Avtar Singh. The Singh brothers would receive the workers’ wages from the contractor and disperse the money to the workers. However, as alleged in the indictment, the Singhs then established what amounted to a maximum daily rate for each worker – a figure well below the proper prevailing rate of pay – and demanded any earnings above that amount for themselves. While the contractor was paying the proper wages, the Singhs would allegedly deliver the paychecks, require that they be cashed and then require the return of any money above the “daily rate.” Baldev and Avtar Singh would allegedly demand these “kickbacks” from employees under the threat of termination of employment or preclusion from further employment, which is a violation of New York State Labor Law.

After the P.S. 196K construction was complete, the Singhs moved on to act as “brokers” on a NYCHA project in Queens known as the Pomonok Houses Project. There too, from September 2014 through November 2014, Baldev and Avtar Singh allegedly engaged in the same systematic scheme of demanding “kickbacks” from workers who were being paid proper prevailing wages but who were not allowed to keep any portion over their so-called “daily rate.” The total amount of “kickbacks” totaled in the thousands for each of several workers, according to the indictment.

Defendants Baldev Singh and Avtar Singh were indicted on multiple counts of Grand Larceny in the 3rd Degree under Penal Law Section 155.35(1), a class D felony, multiple counts of Grand Larceny in the 4th Degree under Penal Law Section 155.30(6), a class E felony, Scheme To Defraud in the 1st Degree for each project under Penal Law Section 190.65(1)(b), a class E felony, and multiple counts “Kickback of Wages Prohibited” under Labor Law Section 198-b(2), an unclassified misdemeanor. If convicted, Baldev Singh and Avtar Singh each face a prison term of 2 1/3 to 7 years on the top count of Grand Larceny in the 3rd Degree.

Chatha Indictment:

Mohammed Chatha is the owner of M.B. Din Construction, Inc., a Brooklyn-based construction company that performed pointing, grinding and caulking work as a subcontractor on the P.S. 196K project between December 2012 and June 2013.

As alleged in the indictment, which charges both Chatha and his company, Chatha failed to pay prevailing wages and benefits to several workers; in total, these workers were underpaid more than \$100,000.

To cover up that crime, Mohammed Chatha, on behalf of M.B. Din, allegedly submitted falsified payroll records to the SCA. According to the indictments, these records indicated either that certain workers worked fewer hours than they had or that the workers had not worked at all, when they had. The workers' real hours were being monitored by investigators, who were tipped off at an early stage that several workers were not getting paid properly on the P.S. 196K project.

Mohammed Chatha and his company, M.B. Din Construction, Inc. were indicted on one count of Failure To Pay Prevailing Wages and Benefits under Labor Law Section 220(3)(d)(i)(3), a class D felony, several counts of Offering a False Instrument for Filing in the 1st Degree under Penal Law Section 175.35(1), a class E felony, and several counts of Falsifying Business Records in the 1st Degree under Penal Law Section 175.10, a class E felony. Mohammed Chatha faces a maximum prison term of 2 1/3 to 7 years if convicted of the top count of Failure To Pay Prevailing Wages and Benefits. Additionally, both he and his company M.B. Din Construction, Inc. face debarment from performing public work for 5 years as well as significant fines.

The Attorney General thanks the Inspectors General for the School Construction Authority and the New York City Housing Authority, both of whom report to the Department of Investigation, and their staffs for their assistance on this investigation.

Both cases were investigated by William O'Brien and Lee Callier of the School Construction Authority, Office of the Inspector General, under the supervision of Assistant Inspector General Thomas Mullen, Director of Investigations John Gray, First Assistant Inspector General Gerard McEnroe and Inspector General Maria Mostajo. Investigators Elsa Rojas, Sixto Santiago, Edward Ortiz and Salvatore Ventola and Supervising Investigators Luis Carter and Michael Ward, as well as Deputy Chief Investigator John McManus, all of the Attorney General's Investigations Bureau, also assisted with the investigation. The Investigations Bureau is led by Chief Investigator Dominic Zarrella.

The Pomonok Houses development project case was also investigated by Deputy Inspector General Douglas Schneider and Special Investigators Robert Diianno, Ryan Covino and Emily Bizzarro of DOI's Office of the Inspector General for NYCHA, under the supervision of Inspector General Ralph Iannuzzi. Both the SCA and NYCHA Offices of the Inspector General are overseen by William Jorgenson, Associate Commissioner of the New York City Department of Investigation.

Both cases are being prosecuted by Assistant Attorney General Matthew Ross and Labor Bureau Criminal Section Chief Richard Balletta. The Labor Bureau Chief is Terri Gerstein, and the Bureau is overseen by Executive Deputy Attorney General for Social Justice Alvin Bragg.

All charges are accusations, and the defendants are presumed innocent unless and until proven guilty in a court of law.

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