



Department of Investigation

Press Release

Release # 005-2002

TUESDAY, JANUARY 29, 2002

CITY CONTRACTOR GUILTY OF CHEATING EMPLOYEES ***-- Failed To Pay Workers Nearly \$33K In Prevailing Wages On DDC Project --***

EDWARD J. KURIANSKY, Commissioner of the Department of Investigation (DOI), and CHARLES J. HYNES, Brooklyn District Attorney, today announced that Rainbow Mechanical Systems, Inc. (Rainbow), a Queens-based construction firm, has pleaded guilty to defrauding employees out of \$32,913 by failing to pay them prevailing wages on a City construction project in Brooklyn.

Commissioner Kuriansky said, "Companies doing business with the City are legally bound to pay their employees the fair and prevailing wage. Here, however, the Rainbow firm chose to enrich itself at the expense of its own workers. This case serves notice to all would-be contractors that the City simply will not tolerate wage fraud or any other cheating on public projects."

Pleading guilty at arraignment yesterday in Brooklyn Supreme Court to Offering a False Instrument for Filing in the 1st Degree, a Class E felony, Rainbow admitted that, from June 2000 to December 2000, it paid its employees less than the required prevailing wages and supplemental benefits for work they performed for the company. Rainbow agreed to a conditional discharge and to pay \$35,000 to the Comptroller's Office in settlement of employees' claims of underpayment. Moreover, Rainbow, and its officers, directors, and shareholders, and its affiliated company, VICO Mechanical Systems, Inc. (VICO), will be barred from bidding on, or being awarded, public work contracts or subcontracts within New York State for a 5-year period.

Commissioner Kuriansky said that the investigation began in December 2000, after DOI was notified by the New York City Department of Design and Construction (DDC) that Rainbow, which was performing work on a \$241,000 DDC contract to install a ventilation system in a City Department of Transportation building in Williamsburg, Brooklyn, was allegedly not paying its workers prevailing wages.

According to Commissioner Kuriansky and District Attorney Hynes, firms awarded City contracts are obligated to pay their workers legally prevailing wages, including salary and fringe benefits. Prevailing wages are set by the government to reflect the average pay rate for unionized workers in various trades. Rainbow was also required to submit certified payroll reports to DDC, reflecting the prevailing wage and fringe benefits actually paid to each employee working on the project.

The investigation disclosed that Rainbow had submitted fraudulent certified payroll reports to DDC, claiming that its workers were paid the appropriate prevailing wage when, in fact, 2 workers were paid substantially less

City Contractor Guilty Of Cheating Employees

-- \$32,913 -- than the law required. Moreover, the names and number of employees performing work, and the number of hours worked, were understated in the payroll reports.

For instance, Rainbow's certified payroll statements falsely indicated that, from June 20 to December 6, 2000, one particular employee only worked 36 hours, and had been paid prevailing wages, typically between \$52.85 and \$57.47 an hour for his trade classification as a sheet metal worker. However, Rainbow's daily sign-in logs, which record the names of all workers on a work-site, revealed that this employee actually worked a total of 442.5 hours. The investigation also disclosed that Rainbow had completely excluded the name of another employee in its payroll statements, when in fact this particular employee worked 205.5 hours, from June 20 to August 31, 2000. Rainbow paid both employees between \$7 and \$8 an hour. Rainbow's fraud resulted in underpayments to both workers totaling \$22,243.98 and \$10,669.80, respectively.

MOHAMMED AKBAR is the principal director of Rainbow, located at 42-49 Colden Street, Flushing, New York. AKBAR's wife, NASREEN SULTAN, is the president of VICO, located at 144-67 41st Avenue, also in Flushing.

Commissioner Kuriansky expressed his sincere appreciation to DDC Commissioner Kenneth R. Holden and City Comptroller William C. Thompson, Jr., and members of their staffs, for their assistance and cooperation in the investigation.

The investigation was conducted by Ronald P. Calvosa, DOI's Inspector General for DDC, and members of his staff, including First Deputy Inspector General Mary T. Piechocki and Assistant Inspector General Renard McDowell, with the assistance of Investigative Auditor Bonnie Zhijun Chan, under the supervision of Senior Investigative Auditor Maria Fe Pacres and Chief Auditor Marvin Putterman.

The case was prosecuted by Brooklyn Assistant District Attorney Eileen K. Ayvazian.