



The City of New York  
Department of Investigation

ROSE GILL HEARN  
COMMISSIONER

80 MAIDEN LANE  
NEW YORK, NY 10038  
212-825-5900

Release #012-003  
[nyc.gov/html/doi](http://nyc.gov/html/doi)

**FOR IMMEDIATE RELEASE**  
**TUESDAY, MARCH 25, 2003**

**CONTACT: EMILY GEST (DOI)**  
**(212) 825-5931**  
**JERRY SCHMETTERER (BKDA)**  
**(718) 250-2300**  
**JEFF SIMMONS (Comptroller)**  
**(212) 669-2636**

**BROOKLYN CONTRACTOR PLEADS GUILTY TO FILING FALSE DOCUMENTS**  
***-Failed to Pay Workers Prevailing Wages On City Construction Projects-***

ROSE GILL HEARN, Commissioner of the Department of Investigation (DOI), CHARLES J. HYNES, Brooklyn District Attorney and New York City Comptroller WILLIAM C. THOMPSON, JR., today announced that State Environmental Services Incorporated ("SES") a Brooklyn-based construction company, has pleaded guilty to charges pertaining to the submission of fraudulent certified payroll reports on City construction projects.

Pleading guilty today in Brooklyn Supreme Court to two counts of Offering a False Instrument for Filing in the First Degree, a Class E felony, SES admitted that it submitted false certified payroll reports to the New York City Department of Design and Construction ("DDC") and the New York City Housing Authority ("NYCHA"). The certified payroll reports falsely stated that SES was paying its workers the required prevailing wages and supplemental benefits for work they performed on the DDC and NYCHA contracts. As a result of the guilty plea, SES will pay \$275,000 in restitution to the City Comptroller's Office for failure to pay prevailing wages and supplemental benefits, 10% of which will be a penalty owed to the City. The Comptroller's office will recompense workers who were paid less than the prevailing wage. Moreover, SES and its officers, directors and shareholders will be barred from bidding on or being awarded public work contracts or subcontracts within the State of New York and the City of New York for a five-year period.

Commissioner Gill Hearn said, "SES defrauded their own workers and filed false paper work. This conduct will not be tolerated. Construction workers doing projects for the city should feel confident they'll be paid what is rightfully theirs. If they're not, we'll find out and make sure they are."

District Attorney Hynes said, "Extreme vigilance by all city agencies led to the investigation into the fraudulent practices perpetrated by SES. This organization admitted that they engaged in a scheme to pay their employees less than the mandatory prevailing wage that they are entitled to according to the New York State Constitution. The prosecution of this company lets other contractors know that we will not tolerate wage fraud or any other form of worker exploitation."

-more-

Comptroller Thompson said, "Prevailing wage enforcement is one of my priorities. It is important to make sure that hardworking New Yorkers are not being taken advantage of and are being paid the appropriate wages. Our success hinges upon interagency cooperation. I commend all agencies for working expeditiously to safeguard the rights of workers."

Commissioner Gill Hearn said that the investigation began in April 2001, after DOI received an allegation from DDC's Labor Investigations Unit, an office that monitors DDC contractors' compliance with prevailing wage payment requirements. It was alleged that SES, which was performing work on a \$2.5 million DDC subcontract to repair and replace underground gasoline/fuel/oil storage tanks at City facilities throughout Brooklyn, Manhattan, Queens and Staten Island, was not paying its workers prevailing wages. Shortly afterwards, the NYCHA IG received an anonymous allegation that SES was not complying with prevailing wage requirements on NYCHA construction projects.

According to Commissioner Gill Hearn, District Attorney Hynes and Comptroller Thompson, Labor Law Section 220 (3) obligates firms awarded City contracts to pay their workers the prevailing wages and supplemental benefits for their respective classification of work. Prevailing wages are set by the New York City Comptroller's office and reflect the average pay rate for unionized workers in various trades. The law also requires SES required to submit certified payroll reports to DDC and NYCHA reflecting the prevailing wage and supplemental benefits actually paid to each employee working on the project.

The investigation disclosed that on two DDC and five NYCHA contracts SES submitted fraudulent certified payroll reports indicating that its workers were paid the appropriate prevailing wages and supplemental benefits. SES's certified payroll statements falsely indicated that, from January 1999 to March 2001, the company paid its laborers between \$38.73 and \$42.63 per hour, inclusive of supplemental benefits, and its plumbers between \$42.60 and \$54.40 per hour, inclusive of supplemental benefits. In fact, these employees were paid between \$11.00 to \$15.00 an hour, and were not paid supplemental benefits.

Commissioner Gill Hearn thanked DDC Commissioner Kenneth Holden and his staff for their thorough work in documenting the prevailing wage complaint and for reporting this matter to DOI.

The investigation was conducted under the supervision of Steven A. Pasichow DOI Assistant Commissioner and NYCHA Inspector General, by Ronald P. Calvosa, DOI's Inspector General for DDC, and members of his staff, including First Deputy Inspector General Mary T. Piechocki, Assistant Inspector General Chuck Joe, and Special Investigator Omar Sarach and members of the NYCHA OIG staff, including Assistant Inspector General Irene Serrapica and Confidential Investigator Nancy Roa. DOI Investigative Auditors Maria Fe Pacres and Vero George also assisted with the investigation.

The matter was handled at the Comptroller's Office by Robert Palmer, Counsel, working under the supervision of Dean Angelakos, Assistant Comptroller for Labor Law.

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

***Get the worms out of the Big Apple.  
To make a complaint about someone ripping off the city, call DOI at (212) 825-5959.***