



Department of Investigation *Press Releases*

Queens - Based Construction Firm Owner Pleads Guilty To Charges Involving Million Dollar Wage Fraud On New York City Contracts And Attempted Transportation of \$300,000 In Cash Out Of The United States

TUESDAY, APRIL 11, 2000 -- **LORETTA E. LYNCH**, United States Attorney for the Eastern District of New York, **EDWARD J. KURIANSKY**, Commissioner of New York City Department of Investigation ("DOI"), **CARL BORN STEIN**, Vice President and Inspector General of the New York City School Construction Authority ("SCA"), and **MARVIN WASHINGTON**, Acting Special Agent-in-Charge, United States Customs Service, announcing that Charles Saliba, the owner of a Queens-based construction company, pleaded guilty earlier today to mail fraud charges for failing to pay his workers approximately \$1.2 million in wages on construction contracts for New York City and to separate charges relating to his attempted transportation of more than \$300,000 in cash out of the United States.

Since early 1999, the DOI, the SCA and the United States Attorney's office for the Eastern District of New York have been investigating the operation of Monarch Construction Corporation, a Queens-based company run by Charles Saliba. Specifically, the investigation focused on Monarch's various municipal construction contracts with the SCA and the New York City Department of Design and Construction ("DDC"). In particular, Monarch had a \$1.5 million contract with the DDC for the rehabilitation of the La Mama Theater in Manhattan, and a \$1 million subcontract to renovate New York City Police Department station houses in Brooklyn. Monarch also had more than \$5 million in contracts with the SCA to perform repairs at various schools throughout New York City.

The above-noted contracts required that Monarch pay the appropriate wages, including salary and supplemental benefits, to each of its workers based on their job classifications. This rate of pay is known as the "prevailing wage rate" and is set under New York State Labor Law by the New York City Comptroller. Monarch also was required to certify on its payroll reports, which are submitted to the SCA and DDC as part of the request to receive payment for work performed that, in fact, it had paid the correct prevailing wage to its workers.

Evidence developed during this investigation demonstrated that Saliba engaged in a scheme to defraud the SCA and the DDC. Specifically, Monarch, under Saliba's direction, failed to pay approximately \$1.2 million in prevailing wages to its workers during a three-year period from 1997 through 1999. Moreover, Monarch, again under Saliba's direction, submitted false certified payroll reports to both the DDC and SCA claiming that it had paid its workers the required prevailing wage rate when, in fact, Monarch had shortchanged its workers.

During the course of the investigation, SCA investigators advised agents of the United States Customs Service

that Saliba was traveling from the United States to Malta on August 12, 1999. When Customs agents examined Saliba's luggage at John F. Kennedy International Airport, they discovered more than \$300,000 in cash hidden therein. Shortly thereafter Customs agents approached Saliba prior to his departure, and Saliba falsely reported that he was transporting approximately only \$3,600 in cash.

On April 11, 2000, Saliba pleaded guilty before Senior Judge I. Leo Glasser, to mail fraud as related to his underpayment of his workers on the SCA and DDC contracts from 1997 through 1999, and filing a false report to Customs regarding the \$300,000 in cash that he attempted to transport out of JFK on August 12, 1999.

In announcing the guilty plea, **UNITED STATES ATTORNEY LYNCH** said: "This prosecution vindicates the rights of hard-working New Yorkers who were deprived of more than \$1 million in wages by their employer."

COMMISSIONER KURIANSKY said: "Firms doing business with the City must pay their employees a fair wage. Here, however, the defendant chose to enrich himself enormously at the expense of his own workers. Today's guilty plea ends three years of worker exploitation and self-dealing and serves notice to all would-be contractors that the City simply will not tolerate wage fraud or any other cheating on public projects."

SCA INSPECTOR GENERAL BERNSTEIN stated: "The failure to pay prevailing wages and the illegal generation of cash often go hand in hand. This case suggest that money that should have gone to Monarch's workers was secretly being taken out of the country by Saliba, who was intercepted by U.S. Customs."

ACTING SPECIAL AGENT-in-CHARGE MARVIN WASHINGTON said: "preventing the exportation of illegally generated currency has long been a national priority of U.S. Customs. Customs is gratified that this particular effort directly protects the interest of the workers of New York City."

As to the mail fraud charge, Saliba faces a maximum 5-year term of imprisonment, a \$2,388,350 fine and restitution of \$1,194,175 to Monarch's workers. As to the false Customs report charges, he faces a maximum 5-year term of imprisonment and a \$250,000 fine. Further, Saliba has voluntarily agreed to debarment from work on New York City and New York State contracts for five years.

Saliba is scheduled to be sentenced on July 6, 2000 at 10:00 A.M.

The investigation was conducted jointly by DOI's Inspector General for DDC, Ronald P. Calvosa, and members of his staff, including First Deputy Inspector General Mary T. Piechocki and Assistant Inspector General Chuck Joe, with assistance from DOI's Investigative Audit Unit; the SCA's Inspector General's Office under the supervision of Inspector General Carl Bernstein and members of his staff, including Deputy Counsel Gerard J. McEnroe and Investigators Rosalind R. Lumetta and Chris Vasta; and by agents of the United States Customs Service.

This case is being prosecuted by Assistant United States Attorney Lee G. Dunst.