



## Department of Investigation

### *Press Release*

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### **BROOKLYN CONTRACTOR PLEADS GUILTY TO CHEATING EMPLOYEES** ***-- Failed To Pay Workers \$142K In Prevailing Wages On DDC Project --***

ROSE GILL HEARN, Commissioner of the Department of Investigation (DOI), and CHARLES J. HYNES, Brooklyn District Attorney, today announced that Empire State Renovation Corp., Inc. (Empire), a Brooklyn-based construction company, has pleaded guilty to defrauding employees out of \$142,027 by failing to pay them prevailing wages on a City construction project in Brooklyn.

Commissioner Gill Hearn said, "Firms working on City contracts are legally mandated to pay their employees a fair and prevailing wage. This case should be a warning to all potential contractors that the City will not tolerate wage fraud or any other cheating on public contracts."

District Attorney Hynes said, "It is especially troubling when someone violates the trust implicit in a City contract. This case should be a lesson that we are vigilant about such prosecutions."

Pleading guilty today in Brooklyn Supreme Court to Offering a False Instrument for Filing in the First Degree, a Class E felony, Empire admitted that, from June 27, 1999, to September 11, 1999, it paid its employees less than the required prevailing wages and supplemental benefits for work they performed for the company. Empire agreed to a conditional discharge and to the payment of \$175,800, including interest and civil penalties, to the City Comptroller's Office in settlement of employees' claims of underpayment. Moreover, Empire, and its officers, directors, and shareholders, will be barred from bidding on, or being awarded, public work contracts or subcontracts within New York State for a 5-year period.

Commissioner Gill Hearn said that the investigation began in January 2000, after DOI was notified by the Greater New York Laborers-Employers Cooperation and Education Trust Fund, a not-for-profit organization that monitors and ensures that contractors employ and pay union workers prevailing wages on government contracts, that Empire, which was performing work on a \$1.9 million Department of Design and Construction (DDC) subcontract to perform brick and masonry repair on South Shore High School in Carnarsie, Brooklyn, was allegedly not paying its workers prevailing wages.

According to Commissioner Gill Hearn 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. Empire 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.

## Brooklyn Contractor Pleads Guilty To Cheating Employees

The investigation disclosed that Empire had submitted fraudulent certified payroll reports to DDC, claiming that its workers were paid the appropriate prevailing wage when, in fact, at least 10 workers employed as bricklayers were paid a total of \$142,027 less than the law required. Moreover, the names and number of employees performing work, and the number of hours they worked, were understated in the payroll reports.

Empire's certified payroll statements falsely indicated that, from June to September 1999, the company paid certain bricklayers \$32.80 an hour, plus \$16.48 an hour in supplemental benefits. In fact, these employees were paid between \$13.00 and \$20.00 an hour, and were not paid supplemental benefits. For example, for the week ending July 3, 1999, Empire certified that a bricklayer worked 25 hours and was paid prevailing wages and benefits totaling \$1,232, when, in actuality, the bricklayer worked 41½ hours that week, at \$15 a hour, and was paid \$622.50, with no supplemental benefits.

JERZY SZYMCZYK is the president of Empire, which is located at 15 Division Place in Brooklyn.

Commissioner Gill Hearn expressed her sincere appreciation to City Comptroller William C. Thompson, Jr., and members of his staff, for their assistance and cooperation in

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, Assistant Inspector General Chuck Joe, and Special Investigator Edward Zinser. John R. Peek, former chief of DA Hynes' Labor Crimes Unit, and Howard Fortel, an investigative auditor in Mr. Hynes' office, also assisted with the investigation.

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

JERRY SCHMETTERER (BKDA)  
(718) 250-2300