



Department of Investigation

Press Release

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City Contractor Jailed For 13 Months

-Cheated Employees Out Of \$1.2 Million In Wages & Tried To Smuggle \$300,000 Cash Out Of U.S.-

Release Date -- THURSDAY, JULY 27, 2000

EDWARD J. KURIANSKY, Commissioner of the Department of Investigation (DOI), LORETTA E. LYNCH, United States Attorney for the Eastern District of New York, CARL BORNSTEIN, Vice President and Inspector General of the New York City School Construction Authority (SCA), and JOSEPH R. WEBBER, Special Agent-in-Charge, New York, United States Customs Service, announced today that CHARLES SALIBA, the owner of a Queens construction company, has been sentenced to 13 months in prison on federal mail fraud and currency law charges for failing to pay his workers nearly \$1.2 million in wages on various City construction projects, and for attempting to illegally transport more than \$300,000 in cash out of the United States.

At sentencing yesterday afternoon before U.S. District Court Judge I. Leo Glasser in Brooklyn, SALIBA was ordered to serve 13 months in federal prison and 5 years' supervised release, and also ordered to pay restitution of \$1,194,175, the amount he illegally withheld from his employees.

SALIBA, the owner and president of Monarch Construction Corporation, 10-57 Jackson Avenue, Long Island City, Queens, previously pled guilty on April 11, 2000. SALIBA admitted that, from 1997 through 1999, he had underpaid his workers \$1,194,175 on School Construction Authority and City Department of Design and Construction (DDC) contracts, which included rehabilitation of the La Mama Theater in Manhattan, renovation of Police Department stationhouses in Brooklyn, and repairs of various public schools throughout New York City. SALIBA also admitted that he filed a false report with the Customs service with respect to the \$300,000 in cash he attempted to transport abroad from Kennedy International Airport on August 12, 1999. In the report to customs, SALIBA falsely claimed that he only had about \$3,600.

In announcing the sentencing, Commissioner Kuriansky said, "The defendant here chose to enrich himself enormously at the expense of his own workers. This sentence ends three years of worker exploitation and corrupt self-dealing and serves clear notice to all would-be contractors that the City simply will not tolerate wage fraud or any other cheating on public projects."

United States Attorney Lynch said, "This prosecution has successfully vindicated the rights of hard-working New Yorkers who were deprived of more than \$1 million in wages by their employer."

SCA Inspector General Bornstein said, "The failure to pay prevailing wages and the illegal generation of cash

often go hand in hand. This case demonstrated that money that should properly have gone to Monarch's workers was secretly being taken out of the country by SALIBA, who was intercepted by U.S. Customs."

Special Agent-in-Charge Webber 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 protected the interest of the workers of New York City."

The prosecution was the result of a joint investigation by DOI, SCA, and the U.S. Attorney's Office. Since early 1999, the agencies had been investigating the operation of Monarch Construction, specifically, the firm's various municipal contracts with SCA and DDC. Monarch had a \$1.5 million contract with DDC for the rehabilitation of the La Mama Theater in Manhattan, a \$1 million subcontract to renovate Police Department stationhouses in Brooklyn, and more than \$5 million in contracts with the SCA to perform repairs at various school throughout New York City.

The City contracts obligated Monarch to pay its employees 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. Monarch was also required to submit certified payroll reports to SCA and DDC, reflecting the prevailing wage and fringe benefits actually paid to each employee on each public contract.

The investigation disclosed that SALIBA had engaged in a scheme to defraud SCA and DDC, by ensuring that his firm, Monarch, failed to pay approximately \$1.2 million in prevailing wages to its workers during a 3-year period from 1997 through 1999. The investigation further revealed that Monarch, again under SALIBA's direction, submitted false certified payroll reports to both SCA and DDC, claiming that it had paid its workers the required prevailing wages when, in fact, Monarch had shortchanged its workers.

During the investigation, SCA investigators advised US Customs agents that SALIBA was traveling from the United States to Malta on August 12, 1999. Customs agents at Kennedy International Airport examined SALIBA's luggage, while he was waiting to board his flight, and discovered more than \$300,000 in cash hidden inside. SALIBA, prior to his scheduled departure, had falsely reported to Customs agents who approached him that he was transporting only \$3,600 in cash.

SALIBA, 57, resides at 6 Langley Lane, Old Westbury, New York.

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; SCA's Inspector General's Office, including Deputy Counsel Gerard J. McEnroe and Investigators Rosalind R. Lunetta and Chris Vasta; and by agents of the United States Customs Service.

The case was prosecuted by Assistant United States Attorney Stuart Altman, and former Assistant United States Attorney Lee G. Dunst.

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