



**U.S. Department of Justice**

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**FOR IMMEDIATE RELEASE**

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## **PRESS RELEASE**

### **CONTRACTORS SENTENCED IN INTERNATIONAL MONEY LAUNDERING SCHEME INVOLVING HOUSING AUTHORITY CONTRACTS**

**ROSLYNN R. MAUSKOPF**, United States Attorney for the Eastern District of New York, **GLEND A PAPPILLION**, Acting Special Agent-in-Charge of the Internal Revenue Service, Criminal Investigation, New York, **GORDON S. HEDDELL**, Inspector General for the United States Department of Labor, and **ROSE GILL HEARN**, Commissioner, New York City

Department of Investigation, today announced that ASHOK CHHIBBA and INDER JIT, the owners of Jadla Contractors, Inc. (“Jadla”), a Flushing, New York, construction company, were each sentenced this morning to 2 years imprisonment, 3 years supervised release, and a fine of \$5000 for their participation in an international money laundering scheme involving the proceeds of Jadla’s contracts with the New York City Housing Authority (“NYCHA”). In a related civil proceeding, CHHIBBA and JIT forfeited to the government \$1.5 million representing the proceeds of their crime. The sentencing proceedings were held before United States District Judge Nina Gershon at the United States Courthouse in Brooklyn, New York.

The government’s investigation -- which was conducted by the Internal Revenue Service, the Office of the Inspector General of the Department of Labor, and the New York City Department of Investigation -- revealed that since 1998, Jadla was awarded more than fifteen contracts by the NYCHA worth in excess of \$10 million. These contracts were principally funded by the United States Department of Housing and Urban Development (“HUD”), and as such, they were subject to the requirements of the Davis-Bacon Act (“Davis-Bacon”). Davis-Bacon requires that contracts entered into by public housing agencies that receive funding from HUD must contain a provision requiring that laborers be paid the prevailing wage, to be determined by the Secretary of Labor, consisting of a basic hourly rate and fringe benefits based on the job classification and geographical area of the work’s performance. Davis-Bacon also requires that contractors certify that they have complied with the prevailing wage requirements prior to receiving payment under a contract with a public housing agency funded by HUD.

Accordingly, the NYCHA required Jadla to submit certified payrolls on a weekly basis. This involved either CHHIBBA or JIT signing a statement that was submitted to the

NYCHA together with each payroll, certifying that the payroll contained information that was correct and complete. The government's investigation revealed that, contrary to the certifications the defendants submitted, Jadla, in fact, was not paying its workers the prevailing wage. The government's investigation revealed further that CHHIBBA and JIT were laundering the proceeds of their NYCHA contracts through banks located in India.

On February 28, 2003, CHHIBBA and JIT were arrested, and a federal search warrant was executed at Jadla's place of business. On July 22, 2003, the defendants both pleaded guilty to one count of international money laundering in violation of 18 U.S.C. § 1956(a)(2)(B)(i), and agreed to forfeit to the government \$1.5 million, which represented the proceeds of their criminal activity. During the guilty plea proceedings, the defendants admitted that they did not pay their workers the prevailing wage, filed false certifications with the NYCHA, and laundered the proceeds of the scheme by purchasing certificates of deposit from banks in India in order to conceal the source of the funds.

"The defendants virtually reached into the pockets of their workers and stole \$1.5 million in wages," stated United States Attorney **ROSLYNN R. MAUSKOPF**. "Fortunately, we and our colleagues in law enforcement were able to put an end to their scheme and forfeit the proceeds of the crime. Now it's time for the defendants to pay for their crimes behind bars."

IRS Acting Special Agent-in-Charge **GLEND A PAPPILLION** stated, "International money laundering is tax evasion in progress. IRS criminal investigators are committed to stopping the illegal flow of money overseas."

Department of Labor Inspector General **GORDON S. HEDDELL** stated, "My Office will vigorously identify and pursue corrupt contractors who employ criminal schemes to

deny their employees the wages they deserve under the law. Honest working employees deserve no less.”

New York City Department of Investigation Commissioner **ROSE GILL**

**HEARN** stated, “Companies with City contracts should know that DOI monitors them to make sure that they remain honest and pay their workers appropriate wages. When DOI finds wrongdoing or corrupt behavior, we do everything we can to make it cease by investigating allegations and working with prosecutors and other law enforcement agencies.”

The government’s case was prosecuted by Assistant United States Attorneys Richard Faughnan and Richard Weber.

**The Defendants:**

ASHOK CHHIBBA

DOB: 2/3/60

Residence: 140-06 58th Road, Flushing, New York

INDER JIT

DOB: 10/5/54

Residence: 140-06 58th Road, Flushing, New York