



A.G. Schneiderman And DOI Commissioner Peters Announce Arrest Of Five Public Works Contractors Charged With Underpayment Of Nearly \$1 Million In Wages To Workers

Subcontractors Working On City School And Affordable Housing Projects Allegedly Underpaid Workers During A Two-Year Period

AG and DOI Commissioner Spearhead Effort To Crack Down On Wage Violations

Schneiderman: We Will Take Aggressive Action Against Employers Who Cheat Workers and Abuse Taxpayer Money

NEW YORK – As part of an ongoing focus on widespread allegations of wage theft at public works projects in New York City, Attorney General Eric T. Schneiderman and New York City Department of Investigation Commissioner Mark G. Peters today announced the arrests of five subcontractors on charges they underpaid wages and benefits to workers at three publicly-funded New York City construction projects.

The arrests stem from an investigation into underpayment and kickback schemes that allegedly took place at P.S. 7X, an elementary school in the Bronx, the New York City Department of Housing Preservation and Development's (HPD) Sugar Hill Houses in Harlem, and the New York City Housing Authority's (NYCHA) Pomonok Houses project in Fresh Meadows, Queens, between January 2012 and November 2014. The Manhattan case includes a top count felony of Falsifying Business Records in the First Degree against Sergio Raymundo and his New Paltz-based construction company for allegedly cheating eight workers at the Sugar Hill housing project out of approximately \$800,000 in wages during a 17-month period.

“Employers who cheat workers out of the wages and benefits they deserve are breaking the law and will face the consequences, including criminal charges,” said **Attorney General Schneiderman**. “Like all workers across America, New York City’s construction workers do not deserve to be cheated out the wages they earned from building schools for our children and affordable housing for our families. My office will continue to take aggressive action with our

law enforcement partners against employers who ignore their legal obligation to pay workers proper prevailing wages on taxpayer-funded projects.”

Today’s arrests are part of an ongoing effort to root out prevailing wage underpayment practices in New York City. In December, [three other subcontractors were arrested](#) for allegedly violating prevailing wage laws. Those arrests involved work done at P.S. 196K in Williamsburg, Brooklyn, and the NYCHA Pomonok Houses development in Fresh Meadows, Queens.

NYC Department of Investigation Commissioner Mark G. Peters said, “Prevailing wage theft steals paychecks from honest workers' pockets and compromises the integrity of construction sites on City-funded projects. I look forward to continuing to work together with the Attorney General and our partner agencies to expose and prosecute this pernicious crime.”

NYC Department of Housing Preservation and Development Commissioner Vicki Been said, “After months of hard work I am pleased to see this case moving forward, and I thank the Attorney General, the Department of Investigation, and their teams for their continued partnership on this investigation.”

Federal and state prevailing wage laws seek to ensure that government contractors pay wages and benefits that are comparable to the local norms for a given trade, typically well above the state and federal minimum wage, and hold general contractors responsible for underpayments by their subcontractors. Today’s arrests covered three separate projects spanning three New York City boroughs that were subject to prevailing wage requirements.

One of the cases, which spans three indictments filed in Bronx Supreme Court, charges three business owners and their respective companies for allegedly underpaying masonry workers on an exterior renovation project at P.S. 7X in the Bronx during different time periods between January 2012 and November 2012. The defendants are Shamas Mian, 51, and his company, United Construction Field, Inc., located in Brooklyn; Tariq Mahmood, 56, and his company, Peral General Contractor LLC, located in Fresh Meadows, Queens; and Baldev Singh, 39.

Mian is accused of underpaying workers by more than \$25,000 and covering up the underpayments by allegedly submitting falsified payroll records to New York City’s School Construction Authority. He is charged with Failure to Pay Prevailing Wages and Benefits in Excess of \$25,000, Offering a False Instrument for Filing in the First Degree, and Falsifying Business Records in the First Degree.

Mahmood and Singh are accused of underpaying workers by more than \$100,000. They are charged with Failure to Pay Prevailing Wages and Benefits in Excess of \$100,000. They each face seven years in prison if convicted.

The second case, filed in Manhattan Criminal Court, charges a subcontractor for allegedly underpaying eight carpentry workers approximately \$800,000 for work done at the NYC HPD’s Sugar Hill Houses, a mixed-use, commercial and low-income residential project in Harlem, from April 2013 through August 2014. The defendants are Sergio Raymundo, 28, and his company Lalo Drywall, Inc., located in New Paltz.

Raymundo is accused of underpaying eight workers by approximately \$800,000 and attempting to conceal the underpayments by signing false checks drawn on his company's account indicating that employees on the job were paid properly under the law. According to court papers, those checks were never given to the workers.

Raymundo is charged with counts of Falsifying Business Records in the First Degree and Failure to Pay Wages. Raymundo faces four years in prison if convicted.

The third case, lodged in Queens Criminal Court, charges a subcontractor and his company with allegedly demanding kick-backs and underpaying workers for scaffolding work done at the NYCHA Pomonok Houses in Fresh Meadows between August 2014 and November 2014. The defendants are Jagdish Singh, 57, and his company, Navico B & S Construction Corp., located in Jamaica, Queens. Navico has multiple contracts with NYCHA to provide scaffolding at various construction projects across New York City.

Singh is accused of demanding \$6,000 in kick-backs from two workers. The alleged kickbacks were required by Singh in exchange for the workers keeping their jobs. One employee returned \$5,785 of his wages, another \$1,006. A third worker was allegedly underpaid by \$2,520. Singh is charged with Grand Larceny in the Fourth Degree, Offering a False Instrument for Filing in the First Degree, Falsifying Business Records in the First Degree, Kick-Back of Wages Prohibited, and Failure to Pay Wages. He faces up to four years in prison if convicted.

In addition to the criminal actions announced today, OAG and the New York City School Construction Authority (SCA) Inspector General's Office have also pursued civil recovery of the back wages related to the December indictments. Under the civil provisions of the New York State prevailing wage law, a general contractor is financially responsible for any underpayment of wages and benefits by its subcontractors.

The general contractor on the Brooklyn exterior renovation at P.S. 196K, Pro-Metal Construction, Inc. of Brooklyn, New York, entered into an Assurance of Discontinuance with the Office of the Attorney General on December 16, 2014 guaranteeing payment to eight of the subcontractor's workers. Pro-Metal has paid \$323,000 to cover the alleged underpayment of wages and benefits for work performed by its subcontractors at the Brooklyn school. One of the laborers on the job is being paid over \$70,000, while another five are being made whole with payments in excess of \$35,000.

The alleged underpayments for the school projects at P.S. 7X in the Bronx and P.S. 235K in Brooklyn will be paid by general contractor Dean Builders Group, Inc. of Great Neck, New York. Dean entered a settlement agreement with the New York City School Construction Authority on January 14th, 2015 wherein it agreed to assign \$201,946.00 in funds to the SCA to cover the underpayment in wages and benefits. As to benefits, Dean has paid over an additional \$90,000.00 to the Mason Tenders Benefit Fund for benefits owed to the workers on the two jobs.

The Attorney General thanks the Inspectors General for the School Construction Authority, the New York City Housing Authority and Housing Preservation and Development, all of whom

report to the Department of Investigation, and their staffs for their assistance on this investigation.

The SCA cases were investigated by William O'Brien and Lee Callier of the School Construction Authority, Office of the Inspector General under the supervision of First Assistant Inspector General Gerard McEnroe and Inspector General Maria Mostajo. The HPD case was investigated by Deputy Inspector General David Jordan and Assistant Inspector General Ondie Frederick under the supervision of Inspector General Jessica Heegan. The NYCHA case was investigated by Special Investigator Robert Diienzo of the New York City Housing Authority, Office of the Inspector General under the supervision of Inspector General Ralph Ianuzzi. The Department Investigation's effort to combat prevailing wage violations was overseen by Senior Associate Commissioner Michael Carroll and Associate Commissioner William Jorgenson.

Attorney General investigators working on these cases are Elsa Rojas, Sixto Santiago, Edward Ortiz, Ismael Hernandez, Brian Metz, Michael Leahy, Naomi Jimenez, Michael Yun and Senior Investigators Salvatore Ventola and Lawrence Riccio with assistance by Supervising Investigators John M. Sullivan and Michael Ward. The investigation was conducted under the supervision of Supervising Investigators Luis Carter, under the direction of Deputy Chief Investigator John McManus. The Attorney General's Investigations Bureau is led by Chief Investigator Dominic Zarrella.

The criminal cases are being prosecuted by Assistant Attorney General Matthew Ross, Assistant Attorney General Benjamin Holt and Richard Balletta, the Attorney General Labor Bureau's criminal section chief, with assistance from Stephanie Swenton, the Deputy Bureau Chief of the Criminal Enforcement and Financial Crimes Bureau.

The Labor Bureau Chief is Terri Gerstein. The Executive Deputy Attorney General for Social Justice is Alvin Bragg and Kelly Donovan is the Executive Deputy Attorney General For Criminal Justice.

All charges are accusations, and the defendants are presumed innocent unless and until proven guilty in a court of law.