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FOR IMMEDIATE RELEASE

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**Brooklyn Construction Company, Owners Plead Guilty to Failing to Pay
Employees Nearly \$150,000 in Owed Wages**
Four Workers from Arch Builders & Developers to Receive Back Pay

Brooklyn District Attorney Ken Thompson, together with New York City Department of Investigation Commissioner Mark G. Peters, today announced that a Brooklyn construction company that benefited from a New York City program designed to assist minority owned businesses has pleaded guilty to grand larceny. Its owners pleaded guilty to violating the prevailing wage requirements of the New York State Labor Law by failing to pay four employees more than \$140,000 in earned wages.

District Attorney Thompson said, "These defendants got lucrative city contracts designed to assist small and minority owned businesses and then shamelessly stole money from their own employees. In Brooklyn, we simply will not allow workers to have their hard earned wages stolen from them. So, let these guilty pleas serve clear notice that we will go after any employer who thinks that they can get away with stealing their employees' wages. Those days are over with."

DOI Commissioner Peters said, "DOI's investigation led to the arrest of the defendants and the return of \$146,000 to individual workers. Prevailing wage fraud steals from New Yorkers who can least afford it. We are proud to once again work with our partners at the Brooklyn District Attorney's Office to protect the integrity of construction sites and the men and women who work there."

The District Attorney identified the defendants as Arch Builders & Developers, Inc., located at 1543 East 17th Street, in Midwood, and owners Salma Rashid and Syed Rashid Hussain Shah, also of 1543 East 17th Street. The corporation pleaded guilty today, before Brooklyn Supreme Court Justice Laura Johnson, to one count of second-degree grand larceny and the owners pleaded guilty to one count each of violating New York State Labor Law Section 220.

The District Attorney said that, according to the investigation, between November 2013 and March 2014, Arch Builders entered into two public works contracts with the New York City School Construction Authority (NYC SCA) to perform construction work at Junior High School 232K located in East Flatbush, Brooklyn, Public School 232Q in Queens and Public School 116M in Manhattan. The NYC SCA paid the defendants over \$900,000 for their work on the projects.

Labor Law and the NYC SCA contracts required the defendants to pay prevailing wages and overtime pay to all employees who worked on the projects. The defendants falsely certified that the defendants had paid four employees, who worked as mason tenders on the project, the required prevailing wages of \$62.79 per hour for regular time and \$80.82 for overtime. In reality, the defendants paid the four employees between \$100 and \$130 per day without overtime compensation or benefits, the investigation found. In this manner, the defendants pocketed \$146,340.27 in payments from the NYC SCA that rightfully belonged to the four employees.

The New York City Comptroller's Office sets the prevailing wage rate, consisting of a base wage rate plus a supplemental benefit rate, for each classification of work, such as mason, painter, and carpenter, on New York City public works construction projects. Labor Law 220 and the NYC SCA contracts further required the defendants to pay additional compensation of time and a half for work performed after an eight-hour work day and on weekends.

As part of the plea agreement, the defendants have paid approximately \$146,340.27 in back wages and are banned from receiving city contracts for five years. Further, the defendants have agreed to pay approximately \$15,000 to the New York City School Construction Authority Office of the Inspector General to pay for the cost of the investigation, as stipulated in all NYC School Construction Authority contracts.

Following an employee's complaint and a subsequent investigation by the NYC SCA Office of the Inspector General, the case was referred to the Labor Frauds Unit of the District Attorney's Frauds Bureau. If you believe you have been a victim of Labor Fraud, such as wage theft or retaliation, please call our Labor Fraud Unit at 718-250-3770.

The case was investigated by the NYC SCA Office of the Inspector General Investigators Nicholas Scicutella and Charles Shevlin, and Investigative Accountant Raymond Dowd, under the supervision of Deputy Counsel Celeste Sharpe, Assistant Inspector General John Gray, First Assistant Inspector General Gerard McEnroe and Inspector General Maria Mostajo, who reports to NYC Department of Investigation Associate Commissioner James Flaherty.

The case was further investigated by Detective Investigator Hubert M. Dixon and Supervising Detective Investigator Robert Addonizio of the Brooklyn District Attorney's Investigations Bureau.

The case was prosecuted by Senior Assistant District Attorney Betty Rodríguez, under the supervision of Meredith McGowan, Deputy Chief of the District Attorney's Labor Fraud Unit and Felice Sontupe, Chief of the Frauds Bureau, and the overall supervision of Executive Assistant District Attorney William E. Schaeffer, Chief of the Investigations Division.

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