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FOR IMMEDIATE RELEASE

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**Brooklyn Construction Company, Long Beach Owner with Public Contracts
To Forfeit \$2.5 Million After Pleading Guilty to Underpaying Workers**

*Defendants Allegedly Paid Less than the Prevailing Wage;
Five Victims to Receive Over \$700,000*

Acting Brooklyn District Attorney Eric Gonzalez, together with New York City Department of Investigation Commissioner Mark G. Peters, today announced that a Brooklyn-based construction company and its owner have pleaded guilty to grand larceny for stealing over \$700,000 from workers by failing to pay the prevailing wage on public works projects. The projects were financed by the New York City School Construction Authority and other government agencies.

Acting District Attorney Gonzalez said, “These defendants got lucrative public works contracts and then shamefully stole money from their own employees. In Brooklyn, we will not allow hard-earned wages to be stolen from hardworking employees. This decision to steal wages turned out to be a very costly theft for these defendants and should serve as notice to others considering cheating employees that they will be prosecuted.”

Commissioner Peters said, “This Brooklyn company and its owner won public contracts but their criminal conduct makes them no better than common swindlers stealing wages from their workers. These guilty pleas will mean this company and its owner are disqualified from doing school construction business. It is an important message to the entire construction industry: Cheat your employees of their proper wages and there will be serious consequences including arrest and loss of business. We will continue to work side-by-side with the Brooklyn District Attorney to stop prevailing wage fraud and recover workers’ stolen wages.”

New York State Comptroller Thomas P. DiNapoli said, “MSR inflated its contract costs and submitted phony bills in an attempt to defraud the public. Thanks to my office’s investigation and partnership with Kings County District Attorney Gonzalez, this fraud was exposed and the taxpayers’ money recovered. I will continue to partner with the Kings County District Attorney and law enforcement statewide to expose corruption and protect taxpayer resources at all levels of government.”

New York State Department of Financial Services Superintendent Maria T. Vullo said, “This defendant’s alleged actions and deceit deprived the State Insurance Fund of significant payments, impacting both employers and the injured workers who rely on the fund. Insurance fraud is not a victimless crime. It drives up workers’ compensation costs and the cost of doing business in New York State. Everyone pays. DFS is proud to have assisted the Kings County DA in this investigation.”

The Acting District Attorney identified the defendants as Michael Riglietti, 50, of Long Beach, New York, and his company MSR Electrical Construction Company, previously located at 31 Bay Street in Red Hook, Brooklyn. Both pleaded guilty today to second-degree grand larceny and to violating the prevailing wage requirements of the New York State Labor Law before Brooklyn Supreme Court Justice Danny Chun. Riglietti will be sentenced to five years’ probation and the company will receive a conditional discharge. Both will be debarred from public works contracts for five years and agreed to forfeit \$2.5 million. Of that amount, over \$700,000 will be distributed to five workers; \$500,000, including penalties, will go to the state

agencies that were defrauded by misrepresentations made to the New York State Insurance Fund and to the New York State Workers' Compensation Board; \$28,000 will go to the New York City School Construction Authority for the cost of its investigation; \$45,739 will go to the Office of the New York State Comptroller for the cost of its investigation; and the remainder will be forfeited to the District Attorney's Office. The defendants will be sentenced on March 28, 2018.

The Acting District Attorney said that, according to the investigation, the defendants were granted 15 public works contracts from three government agencies between December 2012 and December 2015. In particular, the defendants were contracted by the NYC SCA to complete electrical work in 13 public schools including four Brooklyn schools: P.S. 164 and P.S. 767 in Borough Park, and P.S. 297 and I.S. 49 in Williamsburg. The defendants were also contracted by the New York State Office of General Services to perform work at Creedmoor Psychiatric Center in Queens, and as subcontractors by the Metropolitan Transportation Authority for services at five locations in Manhattan and Queens.

In total, the defendants stole over \$700,000 in contract revenue they should have paid to employees on these projects.

Labor Law and the public works contracts required the defendants to pay prevailing wages and benefits to all employees who worked on these projects. The defendants listed variously the names of the five electricians on the certified payroll reports submitted to NYC SCA, the MTA and OGS, which asserted that the defendants had paid all workers the required prevailing wage of \$54 per hour, plus benefits of \$40.16-\$51.86. Instead, the defendants paid their employees on average between \$13.50-\$25 per hour, without overtime or required benefits, pocketing over \$700,000 in public funds that rightfully belonged to the five employees.

Following an initial 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.

The Acting District Attorney thanked the New York City School Construction Authority, the New York State Office of General Services and the Metropolitan Transportation Authority for their assistance and cooperation.

The Acting District Attorney additionally thanked the New York State Comptroller's Division of Investigations and the New York State Department of Financial Services.

The case was investigated by the New York City SCA Office of the Inspector General Intelligence Investigator Hilary Hart, Investigative Accountant Raymond Dowd, Investigator Charles Shevlin, Deputy Counsel Celeste Sharpe under the supervision of Assistant Inspector General Nicholas Scicutella, Deputy Inspector General Gerard McEnroe and Inspector General Felice Sontupe, who reports to New York City Department of Investigation Associate Commissioner James Flaherty. The case was also investigated by Operations Manager Emilio Serrano of Labor Law Compliance of NYC SCA under the supervision of Director Deborah Seidenberg; DOI thanked DOI's monitor Doar Rieck Kaley and Mack, which alerted the Office of the Inspector General for SCA to an issue at MSR. The case was also investigated by New York City Police Detective Robert Magrino of the Asset Forfeiture Unit of the Criminal Enterprise Division, under the supervision of Sergeant Igor Galitsky and Lieutenant Charles Scalzo.

The case was further investigated by Senior Assistant District Attorney John Genovese, of the District Attorney's Asset Forfeiture and Crimes Against Revenue Bureau, and Susan Ryan, Supervising Financial Investigator, under the supervision of Assistant District Attorney Gregory Mitchel, Bureau Chief. The Asset Forfeiture and Crimes Against Revenue Bureau initiates forfeiture proceedings to recoup illegal proceeds from offenders who have engaged in and profited from illegal activities.

The case was prosecuted by Senior Assistant District Attorney Samantha Magnani, of the District Attorney's Frauds Bureau, under the supervision of Assistant District Attorney Dana Roth, Deputy Bureau Chief and the overall supervision of Assistant District Attorney Patricia McNeill, Deputy Chief of the District Attorney's Investigations Division.