



# NEW YORK CITY COMPTROLLER SCOTT M. STRINGER



PREVAILING WAGE NEWS

FALL 2015

## Comptroller Stringer Calls on Public to Help Find Workers with Unclaimed Prevailing Wage Awards

### More than 1,000 Workers Owed \$3.7 Million in Unpaid Prevailing Wages

Comptroller Stringer kicked off Labor Rights Week in August 2015 by asking the media and the public to help locate more than 1,000 workers who have failed to claim prevailing wage payments totaling \$3.7 million. The funds were collected from over 120 companies that worked on City construction and building service contracts going back more than ten years.

“My office has recovered millions of dollars through our enforcement of the prevailing wage, but now we need your help to connect these workers with the money they are owed,” Comptroller Stringer said. “Thousands of hard-working individuals, many of them immigrants, have been cheated out of their rightfully-earned wages, but they may not know these funds exist, and they may not realize they are entitled to these funds regardless of immigration status. Help us get the word out about unclaimed wages — recovering thousands of dollars may only be a phone call or email away.”

The Comptroller's prevailing wage website, [www.comptroller.nyc.gov/](http://www.comptroller.nyc.gov/)

prevailingwage, is now mobile-friendly and contains a list of the more than 1,000 individuals entitled to unclaimed wages. Workers who believe they may be entitled to unclaimed wages can call the Comptroller's hotline (212) 669-4443, send in inquiries via email to [laborlaw@comptroller.nyc.gov](mailto:laborlaw@comptroller.nyc.gov), or check the website.

Since taking office, Comptroller Stringer has beefed up his office's efforts to recoup unpaid prevailing wages and benefits. Beginning in January 2014, the office has assessed nearly \$10 million in unpaid prevailing

wages with interest. When funds are recovered but workers cannot be located, the Comptroller's Office maintains the funds in a trust account as search efforts continue. The announcement for Labor Rights Week (August 25—August 29) marks a renewed effort by Comptroller Stringer to identify those who are owed wages through the use of social media and media partnerships, as well as distribution of informational flyers in English, Spanish, Portuguese, Polish, Russian, Creole, Urdu, and Bengali in neighborhoods throughout the City.



Comptroller Stringer Announces Unclaimed Prevailing Wage Initiative During Labor Rights Week



### DID YOU KNOW?

The comptroller now has prevailing wage enforcement authority for building service employees at many properties receiving tax abatements under section 421-a of the real property tax law.

# Moving Contractor Pleads Guilty to Felony for Stealing Over \$326,000 from Employees and Overbilling City

## Comptroller Stringer and District Attorney Kenneth Thompson Work Together to Ensure 135 Employees of Traffic Moving Systems Receive Unpaid Prevailing Wages

In March 2015, Traffic Moving Systems, Inc. and its owner and president, Robert Sardina, reached a criminal plea agreement with the Brooklyn District Attorney's Office regarding a scheme to overbill the City of New York and underpay prevailing wages and benefits to workers on a moving services contract. Comptroller Stringer's Bureau of Labor Law undertook the investigation jointly with DA Thompson's Labor Frauds Unit, and the New York State Department of Labor and Workers' Compensation Board also took part. As part of the plea agreement, Traffic Moving and Sardina agreed to an order of the Comptroller debaring them from bidding on New York City and State public contracts for five years. The agreement awarded just over \$326,000 in unpaid prevailing wages and benefits to 135 employees.

The investigation began after employees of Traffic Moving submitted complaints about their wages to Comptroller Stringer. The firm provided moving services to City agencies under a \$2 million contract with the New York City Department of Citywide Administrative Services--and it billed the City at hourly rates based on prevailing wage and benefit rates, plus a negotiated markup.

The investigation revealed that Traffic Moving falsified the certified payroll reports it submitted to the City reflecting payment of prevailing wages and benefits. At the time the investigation began, the combined prevailing wage and benefit rate for laborers (those who move the furniture) was \$21.78 per hour and \$32.67 per hour for overtime. The combined

rate at the time for tractor-trailer drivers was \$27.21 per hour and \$40.82 per hour for overtime. The investigation revealed that Traffic Moving actually paid employees much less--anywhere from \$10 to \$20 per hour in cash, without benefits. The company never paid overtime rates, rarely paid all the wages owed and often persuaded employees to keep working with promises of future pay. Traffic Moving also failed to maintain workers' compensation insurance and failed to make required unemployment insurance contributions.

The City paid \$1.5 million to Traffic Moving, and the funds were deposited in an account controlled by Sardina. The investigation found that he withdrew large amounts of cash for his own use instead of making full payment to the workers. Sardina lived in a twelve-bedroom house and owned multiple luxury cars, including a 1999 Rolls-Royce Silver Seraph, a 2000 Mercedes Benz S Class and a 2004 Maybach Series 57.

Traffic Moving and Sardina ultimately pled guilty to one count each of Grand Larceny in the Second Degree, Scheme to Defraud in the First Degree, Failure to Secure the Payment of Workers Compensation for Five or More Employees within a Twelve Month Period, and Willful Failure to Pay Contributions to the Unemployment Insurance Fund. The \$326,547 restitution to the workers was paid from funds withheld by the Comptroller from Traffic Moving during the investigation. In addition, the Comptroller assessed \$83,000 in interest and \$102,387 in civil penalties.

# Public School Contractor Debarred Over \$1.1 Million Prevailing Wage Violation

In September 2015, after an eleven-day trial at the NYC Office of Administrative Trials and Hearings, the Comptroller determined that Astoria General Contracting Corp. underpaid over \$735,000 in prevailing wages and benefits to three Latino immigrant workers who repaired and installed metal rolling doors or gates, grills and fences at various public schools. The case was originally referred to Comptroller Stringer's Bureau of Labor Law by the NYC Department of Education (DOE).

After reviewing the trial record, which included surveillance video and security visitor's logs, Comptroller Stringer determined that Astoria General paid its three employees salaries ranging from \$800 to \$1,500 per week in cash or gross check. The firm had falsified certified payroll records submitted to the DOE by completely omitting two of the employees and reporting payment of prevailing wages and benefits to the third. During the proceedings, Astoria General alleged that it was the victim of a conspiracy between its own employees and investigators employed by the Comptroller and the DOE.

As a result of Astoria General Contracting Corp.'s willful underpayment of prevailing wages and falsification of payroll records, the Comptroller barred the firm and its owner and president, Dimitrios Koutsoukos, from bidding on public works projects in New York for five years. In addition to unpaid wages, the Comptroller assessed \$191,349 in interest and \$231,633 in civil penalties.

# Comptroller Stringer Reaches Settlement with Ironwork Contractor for Employees Cheated Out of Nearly \$1 Million in Prevailing Wages

## Thirty-Three Non-Union Mostly Immigrant Workers Underpaid for Work on City Schools and the Queens Museum

In May 2015, Comptroller Stringer reached a settlement with North American Iron Works, Inc. and its president and owner, Abdul Karim, for over \$970,000 in prevailing wage violations involving 33 ironworkers, mostly Guyanese immigrants. North American, a unionized contractor, paid its non-union employees an average of \$16 per hour without benefits for work that called for almost \$96 per hour in combined prevailing wages and benefits. As a subcontractor on twelve projects from January 2010 through February 2012, North American performed structural ironwork in the construction of public schools in Brooklyn, Bronx and Manhattan and performed renovations to the Queens Museum.

The case began when a single non-union worker submitted a complaint to Comptroller Stringer's Bureau of Labor Law for prevailing wage underpayment. The Bureau of Labor Law performed an extensive investigation, expanding its review to all non-union employees, subpoenaing North American's complete payroll

records and cross-referencing them against agency records. The investigation revealed that North American had omitted its non-union employees from certified payroll records on the school construction jobs. It had also falsely reported paying the prevailing rates in records submitted in connection with the Queens Museum.

As part of the settlement, Comptroller Stringer barred North American and Abdul Karim from New York public works projects for five years. In addition to \$871,851 in restitution paid to the workers, the Comptroller assessed \$53,311 in interest paid to the workers and \$46,208 in civil penalties paid to the City of New York.



Comptroller Stringer Announces Settlement with North American Iron Works in May 2015

## Appeals Court Upholds Comptroller's Interpretation of Settlement Release

In April 2015, the New York State Appellate Division rejected a challenge to Comptroller Stringer's 2014 settlement agreement with AlliedBarton Security Services for \$1.3 million in unpaid prevailing wages. The settlement agreement was challenged by only one of the 143 armed security guards covered by its terms. The guard, who was represented by class action attorneys, did not contest any of the amounts awarded under the agreement. But the guard took issue with the Comptroller's authority to issue releases to workers. Stringer issued releases

to AlliedBarton employees covered by his settlement agreement that prevented them from suing the company again for prevailing wages for the same work. The appellate court agreed with Comptroller Stringer's interpretation of the release—that it prevented workers from trying to obtain a double recovery for the work covered by the Comptroller's settlement. The court also ruled that this did not prevent workers from suing their employer for an earlier time period that predated the two-year period over which the Comptroller had authority to settle the claims.

# ENFORCEMENT HIGHLIGHTS IN 2015

- After a two day hearing at OATH, Comptroller Stringer determined that **New American Restoration, Inc.** failed to pay \$26,844.58 in prevailing wages and benefits to two workers who performed lead paint abatement at the Neversink Hydroelectric Generating Plant in Sullivan County for the Department of Environmental Protection. The Comptroller also determined that New American Restoration, Inc. willfully violated prevailing wage law and falsified payroll records, resulting in the debarment of New American Restoration, Inc. and its owner Milance Hadzic from public works for five years. Prior to the hearing, the Comptroller reached a settlement with North American Energy Services Corp., whereby the prime contractor on the project agreed to pay \$62,191.88 in prevailing wages and benefits, interest, and civil penalty for nine other workers.
- After a default hearing at OATH the Comptroller determined that **Reliance General Construction, Inc.** failed to pay \$196,037.40 in prevailing wages and supplements to twenty-one employees who performed plastering and painting work as well as masonry, roof, and tile repairs at various public schools pursuant to contracts with the Department of Education. The Comptroller also assessed \$80,214.60 in civil penalties payable to the City of New York and barred Reliance General Construction, Inc. and its president Anisul Islam from public works for five years for willfully violating prevailing wage law on two or more separate public works projects.
- The Bureau of Labor Law reached a \$70,007.67 settlement with **Apco Contracting Corp.** and its prime contractor Maric Mechanical, Inc. on behalf of four employees who performed insulation work at the Jamaica and Wards Island Water Pollution Control Plants pursuant to contracts with the Department of Environmental Protection. As part of the settlement, Apco Contracting Corp. and its owner Doris Skoda were barred from public works for five years for the falsification of payroll records.
- After filing a petition for a hearing at OATH, the Bureau of Labor Law reached a \$72,502.93 settlement with **Arkay Construction, Inc.** on behalf of three employees who worked on the renovation of the Jamaica District Health Center pursuant to a contract with the Department of Design and Construction. As part of the settlement, Arkay Construction, Inc. and its owner Rantik Parikh were barred from public works for five years for the falsification of payroll records.
- The Bureau of Labor Law reached a \$68,379.34 settlement with **Mountain's Air, Inc.** and its prime contractor Ex Air, Inc. on behalf of six workers who installed ductwork and air conditioning units at Bellevue Hospital, pursuant to a contract with the Health and Hospitals Corporation. As part of the settlement, Mountain's Air, Inc. and its owner, Yuri Ivanin, were barred from public works for five years for the falsification of payroll records.
- **Shared Systems Technology, Inc.** agreed to pay \$115,669.13 to sixty-eight misclassified workers who prepared concrete surfaces and applied epoxy coatings at the Newtown Creek Water Pollution Control Plant, pursuant to a contract with the Department of Environmental Protection. As part of the settlement, Shared Systems Technology, Inc. paid \$11,566.91 to the City of New York as a civil penalty.
- After filing a petition for a hearing at OATH, the Bureau of Labor Law reached a \$210,007.60 settlement with **Nirman Construction, Inc.** on behalf of two employees who worked on renovations to Harlem Hospital, Bellevue Hospital, and Woodhull Hospital, pursuant to contracts with the Health and Hospitals Corporation. As part of the settlement, Nirman Construction, Inc. acknowledged that it willfully violated prevailing wage law.
- **New York Insulation, Inc.** agreed to pay \$122,714.38 to seven employees who performed painting and plastering at various public schools and masonry work at the Douglaston Pumping Station, pursuant to contracts with the Department of Education and Department of Environmental Protection. As part of the settlement, New York Insulation, Inc. and its owner Anthony Cardinale were barred from public works for five years for the falsification of payroll records.
- The Bureau of Labor Law reached a \$42,187.72 settlement with **Brooklyn Welding Corp.** and its prime contractors Citnalta Construction Corp. and Judlau Contracting, Inc. on behalf of two welders who worked on the renovation of two subway stations, pursuant to contracts with the New York City Transit Authority. As part of the settlement, Brooklyn Welding Corp. and its owner Audley O'Brien were barred from public works for five years for the falsification of payroll records.
- After filing a petition for a hearing at OATH, the Bureau of Labor Law reached a \$10,414.27 settlement with **Creative Direction Construction & Design, LLC** on behalf of eleven workers who reconstructed James Madison Plaza, pursuant to a contract with the Department of Parks and Recreation. As part of the settlement, Creative Direction Construction & Design, LLC acknowledged that it willfully violated prevailing wage law.
- **M S Quality Construction LLC** agreed to pay \$105,269.93 to two employees who performed carpentry and painting work at various City-owned buildings, pursuant to contracts with the Department of Citywide Administrative Services. As part of the settlement, M S Quality Construction LLC and its president, Maciej Sontowski, were barred from public works for five years for the falsification of payroll records.
- After filing a petition for a hearing at OATH, the Bureau of Labor Law reached a \$17,030.37 settlement with **A.J.S. Project Management, Inc.** on behalf of one employee who worked on the construction of a green roof at the Earth School, pursuant to a contract with the School Construction Authority. As part of the settlement, A.J.S. Project Management, Inc. acknowledged that it willfully violated prevailing wage law.