



## **NEW YORK CITY LAW DEPARTMENT**

**Zachary W. Carter, Corporation Counsel**

**FOR IMMEDIATE RELEASE:** October 17, 2017

**CONTACT:** [pressoffice@law.nyc.gov](mailto:pressoffice@law.nyc.gov), (212) 356-4000

### **False Claims Act “Whistleblower” Case Results in \$200,000 Settlement Payment to City**

**NEW YORK**—The New York City Law Department and the New York City Department of Buildings today announced a \$200,000 settlement with parties involved in the 2005 renovation of the Maritime Hotel at 88 Ninth Avenue in Manhattan. The settlement resolves the allegations, originally brought by a whistleblower, that the owners, developers and design professionals associated with this renovation underreported the cost of the renovation, and as a result underpaid associated permit fees owed to the DOB. The settlement resolves the underpayment of permit fees and the City’s claims under the New York False Claims Act.

“This is a wake-up call to developers: the City will pursue claims against those who misrepresent project costs,” said **DOB Commissioner Rick D. Chandler**. “We expect everyone involved in the permit application process to follow the rules and accurately report cost information, and we will hold them financially responsible when they don’t. I thank our partners at the Law Department as well as the whistleblower who brought this case to our attention.”

**Corporation Counsel Zachary W. Carter** said: “The False Claims Act is a powerful civil enforcement tool that allows the City to take action against companies and individuals that defraud the City or violate obligations to honestly report and pay what they owe. We intend to use all available enforcement tools to ensure compliance.”

Pursuant to the City Administrative Code, DOB assesses a fee in connection with the filing of permit applications and the issuance of a permit. For construction projects involving renovations or alterations to existing properties (alteration permits), DOB calculates the amount of the fee based on the estimated construction cost reported by the owner and design applicant professional to DOB at the time of the permit application. DOB requires that estimated costs be updated if there are changes to the scope of the project, and that the owner submit a cost affidavit with the final actual cost after the completion of the work. Additional fees are owed if the actual cost is higher than the estimated costs.

All parties involved in the permit application process – including property owners, architects, and engineers – are expected to carefully review all information that is provided to DOB, and ensure they are accurately reporting costs and paying the appropriate fees.

This matter came to the City’s attention after a whistleblower filed a confidential, sealed complaint in state Supreme Court in Manhattan alleging violations of the New York False Claims Act. Under the New York False Claims Act, whistleblowers may be eligible to receive up to 30 percent of proceeds recovered by the government as a result of information they provide. Because the plaintiff who filed the action passed away during the pendency of this lawsuit, his estate received \$30,000 of the settlement proceeds.

The New York City Law Department thanks the Office of New York Attorney General Eric T. Schneiderman and its Taxpayer Protection Bureau for their assistance in this matter.

The parties associated with the Maritime Hotel renovation are: Market Corner Realty LLC, Richard Born, Chelsea Park LLC, and Sean MacPhearson as owner/developers, and Matt Markowitz Architecture P.C., and Matt Markowitz as design professionals.

*Tracing its roots back to the 1600s, the New York City Law Department is one of the oldest and most dynamic legal offices in the world, ranking among New York City’s largest law offices and the country’s largest public law offices. Led by the Corporation Counsel, the Department’s 885 attorneys represent the City on a vast array of civil litigation, legislative and legal issues, and in the criminal prosecution of juveniles, encompassing a caseload of 70,000 active or ongoing legal matters each year in 16 legal divisions. The Corporation Counsel heads the Law Department and acts as legal counsel for the Mayor, elected officials, the City, and all its agencies. For more information, visit the Law Department’s website at [www.nyc.gov/law](http://www.nyc.gov/law)*