



The City of New York  
Department of Investigation  
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**DOI STATEMENT ON 24-MONTH PRISON SENTENCE OF ELEVATOR COMPANY OWNER  
TO \$1 MILLION PREVAILING WAGE FRAUD**

ROSE GILL HEARN, Commissioner of the New York City Department of Investigation ("DOI") issued the following statement on today's sentencing of JOHN O'SHEA, owner of Start Elevator, Inc., to 24 months in federal prison followed by three years of supervised release on mail fraud and false filing charges. O'SHEA pleaded guilty in September 2011 to underpaying his employees by approximately \$1 million when he was contracted by the New York City Housing Authority ("NYCHA") for repair, maintenance, and modernization of NYCHA elevators. U.S. District Judge Alvin K. Hellerstein sentenced O'SHEA today in federal court in Manhattan. In addition to his prison term, which will begin on June 12, 2012, O'SHEA was also ordered to pay \$1,098,282 in restitution to 63 victims and a fine of \$250,000. The office of Preet Bharara, United States Attorney for the Southern District of New York, prosecuted the case.

DOI Commissioner Rose Gill Hearn said, "This defendant and his company exploited his contract with the City, stealing from his workers to pad his own pockets with \$1 million. Now, he is a convicted felon who will serve prison time for his crimes. DOI worked hand-in-hand with the U.S. Attorney's Office and NYCHA on this significant case."

The investigation found that between 2002 through 2007, O'SHEA caused the filing of fraudulent certified payrolls to NYCHA indicating that Start Elevator's employees were being paid the federal prevailing wage, as required by federal law. However, investigators found that the employees received much less than the federal prevailing wage. For example, while Start Elevator mechanics and apprentices should have been paid the federal prevailing wage of \$39.23 per hour and \$23.51 an hour, respectively, the investigation found that Start Elevator mechanics were paid as little as \$12.86 per hour and \$12.00 per hour for apprentices.

Commissioner Gill Hearn thanked Preet Bharara, U.S. Attorney for the Southern District of New York and NYCHA Chairman John B. Rhea, and their staffs, for their assistance in this investigation.

The investigation was conducted by DOI's Office of Inspector General for NYCHA.

Assistant U.S. Attorney Steve C. Lee of the U.S. Attorney's Office for the Southern District of New York prosecuted the case.

*DOI is one of the oldest law-enforcement agencies in the country. The agency investigates and refers for prosecution City employees and contractors engaged in corrupt or fraudulent activities or unethical conduct. Investigations may involve any agency, officer, elected official or employee of the City, as well as those who do business with or receive benefits from the City.*

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