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PRESS RELEASE

DJH MECHANICAL ASSOCIATES PLEADS GUILTY TO MONEY LAUNDERING AND AGREES TO FORFEIT \$1.2 MILLION FOR FAILING TO PAY PREVAILING WAGES TO ITS WORKERS

ROSLYNN R. MAUSKOPF, United States Attorney for the Eastern District of New York, **ROSE GILL HEARN**, Commissioner, New York City Department of Investigation, **BARBARA DiTATA**, Acting Inspector General, New York City School Construction Authority, and **PAUL L. MACHALEK**, Special Agent-in-Charge, Internal Revenue Service-Criminal

Investigation, New York, today announced the guilty of plea DJH Mechanical Associates, Ltd (“DJH”) for engaging in monetary transactions using criminally derived property. The guilty plea, entered before United States District Judge Sterling Johnson, Jr., at the U. S. Courthouse in Brooklyn, New York, arose out of the failure of DJH to pay its non-union employees prevailing wage supplemental benefits as required by New York State law.

As alleged by the government, between 1998 and 2000, DJH, a construction company located at 155 East Kingsbridge Road, Mount Vernon, New York, was paid more than \$16 million by the New York City School Construction Authority (“SCA”) to do boiler replacement work at New York City public schools in Queens, Brooklyn, and the Bronx. As a contractor doing business with the SCA, DJH was required by New York law to pay its employees at the prevailing rate of wages and to provide its employees with supplemental benefits, including health, welfare, non-occupational disability, retirement, vacation benefits, holiday pay and life insurance.

At the guilty plea allocution today, DJH admitted that on its requests for payment and certified payrolls filed with the City, it falsely represented that it had paid supplemental benefits to its workers in the amounts set forth in those documents, when in fact, it had not.

Pursuant to its plea agreement with the government, DJH has agreed to forfeit \$1.2 million to be used to pay workers who did not receive supplemental benefits. In addition, when sentenced, DJH faces a maximum fine of \$500,000.

In announcing the guilty plea, United States Attorney **ROSLYNN R. MAUSKOPF** stated, “This prosecution demonstrates this office’s commitment to investigating and prosecuting those who engage in money laundering in order to conceal the proceeds of their

unlawful schemes. Through cases such as this one, we will seek to foster compliance with prevailing wage laws and to obtain restitution for those workers who have not received the wages and benefits to which they are entitled.”

BARBARA DiTATA, Acting Inspector General, New York City School Construction Authority, stated “Firms doing business with the City must pay their workers the prevailing wage. The defendant in this instance chose instead to unjustly enrich himself, to the detriment of the workers. The SCA will not tolerate this type of fraud or other acts of dishonesty at the expense of building the City’s public schools.”

IRS Special Agent-in-Charge **PAUL L. MACHALEK** stated, “The money laundering activities committed in this case threatens the strength of our economy. The taxpaying American public can take confidence in the fact that IRS Criminal Investigators continually investigate money laundering activities.”

The government’s case is being prosecuted by Assistant United States Attorneys Patricia Pileggi and Carolyn Miller.

The Defendant

Name: **DJH Mechanical Associates, Ltd**

Address: **155 East Kingsbridge Road
Mount Vernon, New York**