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DISTRICT ATTORNEY

DISTRICT ATTORNEY – NEW YORK COUNTY

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**DA VANCE, PARTNERS ANNOUNCE CRIMINAL CHARGES IN
MULTIMILLION DOLLAR WAGE THEFT AND INSURANCE FRAUD CASE**

*Defendants Stole More Than \$1.7 Million From 500+ Laborers who Performed Dangerous Construction
Work on High-Profile Projects*

*Defendants Also Hid More Than \$40 Million in Payroll As Part of Workers' Compensation Insurance
Fraud Scheme*

Manhattan District Attorney Cyrus R. Vance, Jr., New York State Governor Andrew M. Cuomo, and New York City Department of Investigation (“DOI”) Commissioner Mark G. Peters today announced the indictment of PARKSIDE CONSTRUCTION, its constituent companies, its principals, and an external payroll processing company, AFFINITY HUMAN RESOURCES, LLC, for schemes involving the theft of more than \$1.7 million in wages, as well as workers’ compensation insurance fraud totaling approximately \$7.8 million. The defendants are charged in a New York State Supreme Court indictment with Insurance Fraud in the First Degree, Grand Larceny in the Second and Third Degrees, and Scheme to Defraud in the First Degree, among other charges.^[1]

“Amid Manhattan’s luxury building boom, sometimes it’s all too easy to overlook the human beings behind the scaffolding,” said Manhattan District Attorney Cyrus R. Vance, Jr. “Construction workers are responsible for some of the most dangerous jobs in the city, and whether they’re working thousands of feet up in the air or twenty feet below ground-level, they deserve to be paid fairly and fully for their work. My Office [made a commitment to fight wage theft](#), which impacts employees across all industries, but is especially common in the [construction business](#), where unscrupulous employers like the ones charged in today’s indictment are devising new and different ways to cheat and steal. Since launching our joint

^[1] The charges contained in the indictment are merely allegations, and the defendants are presumed innocent unless and until proven guilty. All factual recitations are derived from documents filed in court and statements made on the record in court.

effort to ensure workplace integrity, my Office and our partners have returned hundreds of thousands of dollars in stolen wages to workers, and I thank our partners for their dedication to this important issue.”

New York State Department of Labor Commissioner Roberta Reardon said: “Unscrupulous individuals must face the consequences of their actions. Governor Cuomo has made it clear time and time again: stealing from hard working New Yorkers is unacceptable. Thanks to the Manhattan District Attorney’s Office, these bad actors no longer just face hefty fines, they face criminal charges as well.”

DOI Commissioner Mark G. Peters said: “The defendants charged in this wage theft scheme played a long con with their employees, promising a decent wage but failing to deliver full paychecks. They flouted workers’ rights by stealing their wages and failing to pay them for the work they did, according to the charges. DOI, the Manhattan District Attorney’s Office, and our partners in the Construction Fraud Task Force will continue to investigate wage theft crimes in the construction industry and attempt to make whole those workers who were cheated out of their rightful pay.”

Port Authority of New York and New Jersey Inspector General Michael Nestor said: “Today’s announcement exposes an insidious pattern of fraud and corruption that allowed the defendants to line their pockets and enrich themselves at the expense of their workers, tax payers, and government agencies. My office will continue to work with the Manhattan District Attorney’s Construction Fraud Task Force, and all our law enforcement partners, to identify, investigate, and bring to justice those who corrupt the integrity of the construction industry.”

The indictment is the result of a long-term investigation into wage theft and other forms of fraud within the construction industry, led by the Manhattan District Attorney’s Office’s Rackets Bureau and Construction Fraud Task Force, DOI, New York State Department of Labor (“NYS DOL”), and New York State Insurance Fund (“NYSIF”), with additional assistance by the Port Authority of New York and New Jersey (“PANYNJ”) Office of the Inspector General and the Business Integrity Commission (“BIC”).

Wage Theft Scheme

According to the indictment and documents filed in court, between 2014 and 2017, PARKSIDE CONSTRUCTION, its owners, and its constituent companies, which included PARKSIDE CONSTRUCTION BUILDERS CORP., PARKSIDE CONSTRUCTION CONTRACTORS INC., and GS&F ENTERPRISES LLC, stole more than \$1.7 million from employees through a wage theft scheme with the assistance of AFFINITY HUMAN RESOURCES, LLC (“AFFINITY”), a professional employer organization (“PEO”), and its owner. AFFINITY provided PARKSIDE CONSTRUCTION with human resources services such as payroll, employee benefits, and workers’ compensation management.

During this period, PARKSIDE CONSTRUCTION had contracts with multiple builders and developers to perform concrete installation and masonry work on several high-rise buildings in Manhattan, including:

- The Marriott Hotels at 215 Pearl Street
- Steinway Tower at 111 W. 57th Street
- American Copper Building at 626 First Avenue
- Courtyard New York Downtown Marriott at 133 Greenwich Street
- Hilton Garden Inn New York Times Square South at 326 W. 37th Street
- DoubleTree by Hilton Hotel at 350 W. 40th Street
- Public Hotel at 215 Chrystie Street, and
- Jarmulowsky Bank Hotel at 9 Orchard Street.

In total, the contracts represented more than \$100 million in income for PARKSIDE CONSTRUCTION, whose business, on-site operations, and payroll were jointly managed by co-owners FRANCESCO PUGLIESE, 39, and SALVATORE PUGLIESE, 46. JAMES LYONS, 54, served as supervising foreman and YENNY DUARTE, 42, served as payroll manager. In order to keep track of employees' earnings, PARKSIDE CONSTRUCTION, which employed over 500 workers, used computerized face-recognition machines at worksites to record workers' hours. However, as part of the wage theft scheme, printouts from the on-site time-keeping machines were later altered and updated with lower weekly hours than those actually worked. The falsified timesheets were then submitted for processing to AFFINITY. In addition, PARKSIDE CONSTRUCTION and their principals directed MICHAEL DIMAGGIO, 58, an outside accountant, and JERRY HAMLING, 57, the owner of AFFINITY, to pay some workers' wages with so-called "expense reimbursement" checks to hide the fact that these payments were compensation, thereby avoiding making withholding taxes and unemployment insurance contributions.

During the period charged in the indictment, the defendants stole more than \$1.7 million from at least 520 workers who were not compensated for work that they performed at construction sites throughout the city.

Insurance Fraud Scheme

Between March 2014 and October 2017, PARKSIDE CONSTRUCTION, its owners, and senior employees also hid more than \$40 million in payroll from NYSIF in order to maintain the workers' compensation coverage at fraudulently low premiums.

In New York State, all employers are required to maintain workers' compensation coverage for their employees. The premium for workers' compensation insurance is based on the level of payroll and the type of work performed by a company's employees.

In 2014, PARKSIDE CONSTRUCTION and its constituent companies reported an estimated yearly payroll of approximately \$1.3 million. Based on this information, NYSIF granted policies to PARKSIDE CONSTRUCTION. By 2015, however, PARKSIDE CONSTRUCTION's payroll had grown to more than \$15 million. AFFINITY and HAMLING helped conceal the payroll by falsely informing NYSIF that operations had been restructured, all workers' employment had been terminated, and all direct labor involving construction had been subcontracted out to other vendors. These claims were reiterated and furthered by PARKSIDE CONSTRUCTION's owner, FRANCESCO PUGLIESE, as well

as its accountant, MICHAEL DIMAGGIO, who falsely certified that partial records pertaining the company's payroll were complete and accurate.

Based on numerous false statements and submissions, the defendants failed to report more than \$42 million in payroll, thereby evading more than \$7.8 million in insurance premiums.

The Manhattan D.A.'s Office's Asset Forfeiture Unit is also filing a civil forfeiture action seeking a total of \$1.7 million with respect to the wage theft scheme and \$7.8 million with respect to the workers' compensation insurance fraud scheme to be used as restitution for victims.

Joint Wage Theft Initiative

In December 2017, the Manhattan District Attorney's Office and partners in New York City and State government announced a [joint initiative](#) to combat wage theft, worker exploitation, and employer abuse in the construction industry. Within the first six months of the initiative, the Manhattan District Attorney's Office's Construction Fraud Task Force has already returned approximately \$649,000 in stolen wages to workers:

- In April, CITY METRO CORP. and the company's principals [pleaded guilty](#) to Scheme to Defraud in the First Degree for stealing tens of thousands of dollars from workers, and as part of their guilty plea, agreed to pay approximately \$95,000 in restitution.
- In November 2017, WHISK REMODELING was convicted of Offering a False Instrument for Filing in the Second Degree for failing to pay more than two dozen workers approximately \$90,000 in wages.
- And in yet another case, SKY MATERIALS CORP. was convicted of Offering a False Instrument for Filing in the First Degree for submitting false information about the value of the company's payroll. The company agreed to pay approximately \$464,000 in back wages to their workers, which has been paid in full.

How to Report Wage Theft

Complaints related to wage theft and dangerous work sites may be sent directly and anonymously to the Manhattan D.A.'s Office through WhatsApp at (646) 712-0298. These reports may be investigated by members of the [Construction Fraud Task Force](#), which was formed in partnership with multiple city agencies to identify and pursue criminal cases against those who endanger the wellbeing of others, contribute to industry corruption, and create unsafe spaces in New York City and State.

WhatsApp Manhattan DA: (646) 712-0298

NYS Department of Labor: 1 (888) 4-NYSDOL

Assistant D.A. Meredith McGowan is handling the prosecution of the Parkside case, under the supervision of Assistant D.A. Diana Florence, Attorney-in-Charge of the Construction Fraud Task Force, and under the supervision of Assistant D.A. Michael Ohm, Deputy Chief of the Rackets Bureau, Assistant D.A. Judy Salwen, Principal Deputy Chief of the Rackets Bureau, Assistant D.A. Jodie Kane, Chief of the Rackets Bureau, and Executive Assistant D.A. Michael Sachs, Chief of the Investigation Division. Manhattan D.A. Construction Fraud Task Force Coordinator Hildalyn Colon Hernandez, Investigative Analyst Amanda Bauza, Trial Preparation Assistant Sophia Inkeles, and Principal Financial Investigator Michael J. Kelly also assisted with the case.

Assistant D.A. Jonathan Chananie is handling the civil asset forfeiture action under the supervision of Assistant D.A. Lynn Goodman, Chief of the Asset Forfeiture Unit.

District Attorney Vance thanked the following agencies and individuals for their assistance with the investigation: DOI, and in particular, Commissioner Mark G. Peters, First Deputy Commissioner Lesley Brovner, Deputy Commissioner and Chief of Investigations Susan Lambiase, Associate Commissioner James Flaherty, Inspector General Greg Cho, Chief Investigator James McElligott, Assistant Inspector General Tiffany Ingraham, Assistant Inspector General Dan Taylor, and Investigator Janina Seguencia; NYS DOL, and in particular, Commissioner Roberta Reardon, Deputy Commissioner for Workers Protection James Rogers, Assistant Deputy Commissioner for the Labor Standard Division Milan Bhat, Chief Labor Standard Investigator Frank King, Supervising Labor Standard Investigator Jeong Lee, and Senior Labor Standards Investigator Nicole Jeon; NYSIF, and in particular, Executive Director Eric Madoff, Deputy General Attorney Peter Cusick, Director, Division of Confidential Investigations John Dormin, NYC Supervisor Benedict Emengo, Senior Forensic Auditor Granville Mo, Senior Investigator Dominick Raspante, and Senior Forensic Auditor Winston Sapigao; and PANYNJ Office of the Inspector General, and in particular, Senior Forensic Auditor Mia Chang, Forensic Investigator Jamie King, Supervisory Forensic Investigator Fred Ferrone, Assistant Director of Investigations Salvatore Dalessandro, and Director of Investigations Steve Pasichow.

Defendant Information:

AFFINITY HUMAN RESOURCES, LLC
Rochester Hills, MI

Charged:

- Insurance Fraud in the First Degree, a class B felony, 2 counts
- Grand Larceny in the Second Degree, a class C felony, 1 count
- Penalties for Fraudulent Practices, a class D felony, 5 counts
- Grand Larceny in the Third Degree, a class D felony, 1 count
- Scheme to Defraud in the First Degree, a class E felony, 1 count
- Offering a False Instrument for Filing in the First Degree, a class E felony, 4 counts
- Grand Larceny in the Fourth Degree, a class E felony, 1 count

MICHAEL DIMAGGIO, D.O.B. 11/27/1959
Holbrook, NY

Charged:

- Insurance Fraud in the First Degree, a class B felony, 2 counts
- Penalties for Fraudulent Practices, a class D felony, 12 counts
- Offering a False Instrument for Filing in the First Degree, a class E felony, 12 counts

YENNY DUARTE, D.O.B. 9/12/1975
Queens, NY

Charged:

- Grand Larceny in the Second Degree, a class C felony, 1 count
- Grand Larceny in the Third Degree, a class D felony, 1 count
- Scheme to Defraud in the First Degree, a class E felony, 1 count
- Grand Larceny in the Fourth Degree, a class E felony, 1 count

GS&F ENTERPRISES LLC
Queens, NY

Charged:

- Insurance Fraud in the First Degree, a class B felony, 1 count
- Grand Larceny in the Second Degree, a class C felony, 1 count
- Penalties for Fraudulent Practices, a class D felony, 2 counts
- Grand Larceny in the Third Degree, a class D felony, 1 count
- Scheme to Defraud in the First Degree, a class E felony, 1 count
- Offering a False Instrument for Filing in the First Degree, a class E felony, 2 counts
- Grand Larceny in the Fourth Degree, a class E felony, 1 count

JERRY HAMLING, D.O.B. 5/21/1960
Rochester Hills, MI

Charged:

- Insurance Fraud in the First Degree, a class B felony, 2 counts
- Grand Larceny in the Second Degree, a class C felony, 1 count
- Penalties for Fraudulent Practices, a class D felony, 4 counts
- Grand Larceny in the Third Degree, a class D felony, 1 count
- Scheme to Defraud in the First Degree, a class E felony, 1 count
- Offering a False Instrument for Filing in the First Degree, a class E felony, 3 counts
- Grand Larceny in the Fourth Degree, a class E felony, 1 count

JAMES LYONS, D.O.B. 8/10/1963
Glenham, NY

Charged:

- Grand Larceny in the Second Degree, a class C felony, 1 count
- Grand Larceny in the Third Degree, a class D felony, 1 count
- Scheme to Defraud in the First Degree, a class E felony, 1 count
- Grand Larceny in the Fourth Degree, a class E felony, 1 count

PARKSIDE CONSTRUCTION BUILDERS CORP.
Queens, NY

Charged:

- Insurance Fraud in the First Degree, a class B felony, 1 count
- Grand Larceny in the Second Degree, a class C felony, 1 count
- Penalties for Fraudulent Practices, a class D felony, 3 counts
- Grand Larceny in the Third Degree, a class D felony, 1 count
- Scheme to Defraud in the First Degree, a class E felony, 1 count
- Offering a False Instrument for Filing in the First Degree, a class E felony, 2 counts
- Grand Larceny in the Fourth Degree, a class E felony, 1 count

PARKSIDE CONSTRUCTION CONTRACTORS INC.
Queens, NY

Charged:

- Insurance Fraud in the First Degree, a class B felony, 1 count
- Grand Larceny in the Second Degree, a class C felony, 1 count
- Penalties for Fraudulent Practices, a class D felony, 3 counts
- Grand Larceny in the Third Degree, a class D felony, 1 count
- Scheme to Defraud in the First Degree, a class E felony, 1 count
- Offering a False Instrument for Filing in the First Degree, a class E felony, 3 counts
- Grand Larceny in the Fourth Degree, a class E felony, 1 count

FRANCESCO PUGLIESE, D.O.B. 12/16/1978
Queens, NY

Charged:

- Insurance Fraud in the First Degree, a class B felony, 1 count
- Grand Larceny in the Second Degree, a class C felony, 1 count
- Penalties for Fraudulent Practices, a class D felony, 3 counts
- Grand Larceny in the Third Degree, a class D felony, 1 count
- Scheme to Defraud in the First Degree, a class E felony, 1 count

- Offering a False Instrument for Filing in the First Degree, a class E felony, 3 counts
- Grand Larceny in the Fourth Degree, a class E felony, 1 count

SALVATORE PUGLIESE, D.O.B. 3/3/1972

Roslyn Heights, NY

Charged:

- Insurance Fraud in the First Degree, a class B felony, 2 counts
- Penalties for Fraudulent Practices, a class D felony, 5 counts
- Offering a False Instrument for Filing in the First Degree, a class E felony, 4 counts

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