



The FAIR CONTRACTOR

A Publication of the Foundation for Fair Contracting of Massachusetts

Summer 1998



Volume 5 Issue 2

FFCM SEES DRAMATIC INCREASE IN COMPLAINTS

More Contractors Targeted

Complaints by area construction workers to the Foundation for Fair Contracting of Massachusetts are on the increase this summer. Responding to tight labor markets as well as the FFCM's outreach programs, a growing number of workers are reporting allegations of misclassification, underpayment, benefit miscalculations, or failure to receive overtime on public works projects. Explains Janine Yodanis, Field Monitor for the FFCM: "We're monitoring more prevailing wage jobs so we're able to reach more workers on those job sites. And with the demand for skilled construction labor outpacing the supply in some areas, workers are less afraid to come forward and speak out against an employer who may be breaking the law."

The most common complaint received this summer involves misclassification, with workers receiving a lower wage rate than they would were they correctly classified. According to

Yodanis, this misclassification by contractors is not always intentional: "Sometimes there is legitimate confusion, but most of the workers that we hear from have been deliberately misclassified so that their employer can pay them a cheaper rate."

"Workers are less afraid to come forward and speak out against an employer who is breaking the law"

When the Foundation for Fair Contracting targets a project for monitoring, all of the contractors bidding on the project are notified that the job is covered by prevailing wage law. The FFCM reviews all public records created during the targeted project to determine whether contractors on the job are abiding by Massachusetts Prevailing Wage law and other fair labor standards laws. Workers on public construction jobs

usually contact the Foundation after they receive an FFCM mailing that compares the prevailing rate for their job classification with the payroll information submitted by their employer.

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OWNER OF TEMP AGENCY INDICTED IN \$1 MILLION DOLLAR FRAUD SCAM

Third Massachusetts temp firm in recent months charged with misclassifying workers

One of the largest temporary employment agencies in the state and its owner were recently indicted for allegedly failing to pay more than \$1 million in unemployment taxes and workers' compensation premiums. Richard Purtell of Pelham, New Hampshire and his agency, the Lawrence-based New England Job Center, were each indicted by an Essex County Grand Jury on six counts of workers' compensation fraud, 17 counts of unemployment fraud, and two counts of larceny.

According to the indictments, Purtell, the president and owner of the New England Job Center, a company which supplies temporary workers for manufacturing jobs, allegedly classified his workers as independent contractors to avoid paying workers' compensation insurance and the required rates of unemployment taxes on behalf of his agency and his employees. Purtell also allegedly manipulated his records to



show that he had contracted his workers from outside of New England Job Center. By paying his workers in cash and engaging in the alleged deceptions described above, Purtell was able to supply employers with very low cost labor, creating an increased demand for workers from New England Job Center.

Investigators from the Attorney General's office, which had been examining the company's practices for more than a year, found that New England Job Center had placed thousands of workers in manual labor and manufacturing jobs. "In effect, we're charging the company with running a '90's style sweat shop," said Assistant Attorney General Stuart Rossman, head of the AG's Business and Labor Protection Bureau. "Workers were being exploited and not getting adequate protection, while the company was gaining illegal profits."

CONTRACTOR SENTENCED TO JAIL



Raymond Miazga, owner of a Belchertown landscaping company, **Miazga Inc.**, has been sentenced to 80 days in jail after he pled guilty to 16 counts of failing to pay overtime wages to employees and failing to pay more than \$6,000 in unemployment taxes. The charges against Miazga arose when one of his former employees filed a complaint with the Attorney General's office accusing his former boss of refusing to pay him the time-and-a-half wage rate for working over 40 hours a week. When investigators looked at the payroll records of the company, they found that between June 1, 1995 and April 30, 1996, Miazga had failed to pay the proper overtime compensation to up to 16 of his former employees. Miazga's sentencing comes just months after the expiration of his three-year debarment from bidding on public works projects.

BOUCHARD PAINTING REPAYS WORKERS

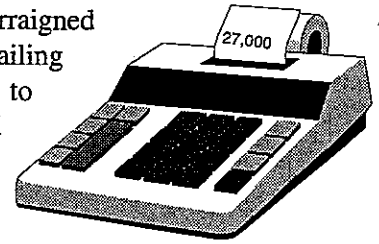
A New Hampshire company that was alleged to have failed to pay prevailing wages on a number of public works project, recently settled with the Attorney General's office, repaying the workers in the amount of \$9,000. **Bouchard Painting** of Derry, New Hampshire worked on the following public works projects: Newburyport Police Station, Norwell Pump Station, Dracut High School and Fitchburg Waste Water Treatment Facility. In addition to the money paid back to the workers, **Bouchard** also paid a penalty of \$3,000. That money is being donated by the Office of the Attorney General to SCORE, a program that teaches alternatives to violence to teens in the public schools.

CRIMINAL COMPLAINT FILED AGAINST SPRINGFIELD CONSTRUCTION COMPANY

The Attorney General's office recently announced that the owner of a Springfield construction company has been arraigned on charges of failing to pay his employees prevailing wages, neglecting to provide workers' compensation insurance, and failing to pay the required unemployment tax contributions to the Department of Employment and Training. Roy Lee, owner of **Lee's Rebar and Steel**, was arraigned in Springfield District Court on charges of nonpayment of wages, failure to keep proper records, and failure to supply his employees with workers' compensation coverage. According to investigators, the alleged violations took place between July and September of 1996 when Lee neglected to pay wages to employees for their contracting work involved in the Center School project in Longmeadow and the Plainfield St. Middle School Job in Springfield.

PUBLIC WORKS EMPLOYER ARRAIGNED ON WAGE VIOLATIONS

David White, owner of White and Son, Inc. of New Hampshire, was arraigned last month on four counts of failing to pay the prevailing wages to four employees who worked on three major public works projects. According to Attorney General Scott Harshbarger, White owes the employees more than \$27,000 in back wages. The charges stem from complaints by the employees that White failed to pay them the proper wage for work that they did on the Cushing Soccer Field in Concord, renovation of the tennis courts at the Greater Lowell Technical High School, and the construction of the



Mile Lane Athletic Fields for the Ipswich School Building Committee. White allegedly paid the employees between \$10 and \$15 less than the prevailing wage on these projects for excavating, bulldozing and other tasks. If convicted, White could be de-

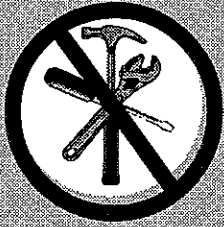
barred from public works for up to six months and fined \$12,000 for each count.

COMPLAINTS FILED AGAINST MAJOR MASSACHUSETTS PAVING CORPORATION

With assistance from the FFCM, two former employees of a major Massachusetts paving contractor have recently filed complaints with the Attorney General's office alleging misclassification and failure to pay the prevailing wage. The complaints stem from work performed in 1997 in Milton on the East Milton Square Project and Boston on the Summer Street Bridge. Three other workers filed a complaint with the Attorney General earlier this year also alleging that the company had misclassified them and failed to pay them the correct wage. Earlier this year, former employees of another Massachusetts paving contractor, Roads Paving, Inc. and Roads Corporation, filed a class action lawsuit alleging violation of the state prevailing wage and overtime laws.



Confused about prevailing wage laws? Call the FFCM 1-800-224-FAIR



DEBARMENT LIST

From the Office of the Attorney General Fair Labor
and Business Practices Division

As of 7/15/98

1. **W.G. Burns and Sons, Inc. and William G. Burns, President**, 476 Kenoza St., Haverhill, MA 01850—Debarred for three years beginning August 26 1997 through August 26, 2000.
2. **Roosevelt Building Products, Roosevelt Morin, President**, P.O. Box 1779, Bristol, CT 06010—Debarred for three years beginning September 23, 1997 through September 22, 2000.
3. **M.P.E. Equipment Leasing, Inc.** 11 Sunset Road, Braintree, MA 02184—Debarred for three years beginning January 20, 1998 through January 20, 2001.
4. **Mark D. Wilton**, 35 Pilgrim Village Road, Taunton, MA 02780—Debarred for one year beginning March 27, 1998 through March 27, 1999.
5. **Joseph McKeown**, 4 Court St., Suite 106, Taunton, MA 02780—Debarred for one year beginning March 27, 1998 through March 27, 1999.
6. **Seaver Construction Co, Inc. and Scott L. Seaver, President**, 99 Garfield Ave. Woburn, MA 01801—Debarred for three months beginning May 1, 1998 through July 31, 1998.
7. **Pitt Construction Corporation and Felix Pittorino, Owner**, 816 Main St., Acton, MA 01720—Debarred for three months beginning May 11, 1998 through August 11, 1998.
8. **Adams Trucking, Inc., and Elvino Dellaghelfa, President**, 22 Newark St., Adams, MA 01220—Debarred for six months beginning May 1, 1998 through November 1, 1998.
9. **Edlin Almeida, Jr., d/b/a Almeida and Son Trucking, Edlin Almeida Jr., President**, 136 Barney Ave., Rehoboth, MA 02769—Debarred for six months beginning May 27, 1998 through November 27, 1998.
10. **Avelino Dos Reis, Owner of A.J. Remodeling**, 104 Norfolk St., Dorchester, MA 02124—Debarred for a period of six months beginning May 28, 1998 through November 27, 1998.
11. **Creative Construction and Improvements, Inc., CCI, Inc., Vicki Malone Wright, President**, 267 Wilbraham Road, Springfield, MA 01109—Debarred for a period of seven years beginning March 25, 1998 through March 24, 2005.
12. **Caruso and McGovern Construction, Inc., Gerald McGovern, President, and Steven J. Caruso, Treasurer**, One Industrial Way, Georgetown, MA 01833—Debarred for a period of six months beginning July 17, 1998 through January 17, 1999.

Concrete Company Executives Indicted

In a case originally initiated by the Foundation for Fair Contracting of Massachusetts more than 2 years ago, the owners of **D.A.M. Concrete Forms** were arraigned in Hingham District Court in May. According to the Attorney General's office, the company hired workers as carpenters to perform work for the Norfolk Municipal Building and the Bedford

Police Station projects between 1996 and 1997, then classified them as laborers in company books, resulting in the workers being paid less than the prevailing wage for the jobs. Further The owners of the company could face up to two years in jail and a six-month debarment from public works. They may also have to pay as much as \$30,000 in fines and restitution.



The Fair Contractor is published quarterly by the non-profit Foundation for Fair Contracting of Massachusetts. The FFCM mailing address is Box 256, State House Station, Boston, MA. 02133 *The Fair Contractor* accepts Letters-to-the-Editor. For information call 1-800-224-FAIR.



Since January 1, the Foundation for Fair Contracting has targeted 176 public construction jobs



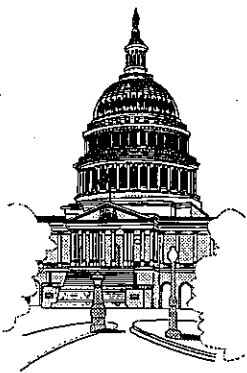
53 complaints by workers on these jobs have been filed with the Attorney Generals Office and other government agencies.

COMPLAINTS TO FFCM ON THE INCREASE

Continued from page 1

As the number of targeted jobs has grown—73 projects statewide worth an estimated \$434,000,000 have been targeted since April—so has the number of workers calling in with complaints. Since January 1, 67 employees have contacted the Foundation with complaints, while 36 have responded to employee mailings with requests for more information. The calls have resulted in 53 complaints being filed with the AG's office and other government agencies.

Concludes Yodanis, "It's a very positive development for fair contracting in the state of Massachusetts that so many workers are documenting wage abuse on the job, keeping good records and coming forward. It means that we can really keep an eye on those contractors who break the law and that can only help the fair contractors who play by the rules."



CIVIL PENALTY ADDED TO MINIMUM WAGE LAW

On August 7, Governor Paul Cellucci signed a law allowing action under civil law against employers accused of violating

prevailing wage, overtime and minimum wage laws. Currently all wage cases are treated as criminal cases, the strict standards of which discourage many prosecutors from pursuing them. Look for more coverage of this statute and its implications for the public construction industry in the next issue of the **Fair Contractor**.

National Alliance for Fair Contracting Formed

Will monitor national and regional contractors

Fair contracting associations around the country, including the Foundation for Fair Contracting of Massachusetts, have formed a national alliance in order to better protect workers against contractors who violate their rights on the job. Explains Karen Courtney, director of the FFCM and a steering-committee member of the National Alliance for Fair Contracting: "Having an alliance that includes fair contracting organizations from New England to California and Hawaii will be a tremendous asset in the fight to ensure a level playing field across the construction industry. Now when a law-breaking contractor sets up shop in Massachusetts, we'll have immediate access to information about that contractors record in other states".

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