

REPAIRED

JUNE 2018

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ABOUT

RELATED COMPANIES IS ONE OF THE LARGEST REAL ESTATE BUSINESSES IN THE WORLD.

RELATED IS OPERATED BY

STEPHEN ROSS
Chairman and Founder

BRUCE BEAL
President

JEFF BLAU
CEO

As this report will show, Related engages in business practices that endanger the timely and responsible completion of work on their projects and expose their partners and financiers to entanglements in litigation and negative media. Recent hallmarks of some of Related's development projects, particularly at Hudson Yards, include allegations against construction firms of sexual harassment and racial discrimination, unfair labor practices, and fraudulent use of alter ego firms to evade paying union benefits. One of Related's own business entities is involved in a federal investigation separate and apart from any of the preceding.

Related has built a reputation for producing a high-quality construction product while using union contractors whose workforce is highly skilled and trained. The quality and safety standards that union-members have brought to past Related projects enables the firm to sell future investors, including government agencies, a false bill of goods. Using a reputation built on union quality, Related intends to use an inferior open-shop model. As described in detail in this report, open shop contractors used on Related projects, including projects in Hudson Yards, introduce exploitation and danger to Related projects.

FEDERAL FRAUD INVESTIGATION

The U.S. Attorney's Office and the IRS are investigating employment practices at a project developed by Related Group's Florida affordable housing arm, Related Urban Development Group, as part of a broad investigation of affordable housing developers in Miami-Dade County. Part of the investigation reportedly concerns Related cutting costs by hiring subcontractors that misclassified employees as independent contractors to evade tax obligations.

In June 2017, the Miami Herald reported that the investigation was "in the early stages" of gathering evidence from public entities to build a possible criminal case against Related Group's subcontractors. Prosecutors empaneled a grand jury to subpoena the records of 34 projects, including those of Edificio Piñeiro, Related's senior housing project at 1176 Southwest 20th Avenue in Miami's Shenandoah neighborhood. Related is reportedly not considered a target of the investigation at this time.

Related's Edificio Piñeiro was originally budgeted as a \$7.6 million renovation project. When it was discovered that the building was too far gone to preserve, it was torn down and replaced with an upgraded replica. The Miami Herald reported that the US Attorney's office is reportedly investigating if Related padded bills and illegally "hung on to profits." The project received \$5.2 million in affordable housing bonds, a \$2.3 million federal Neighborhood Stabilization Program bridge loan (paid off by the public bond funds), and a \$1.5 million federal HOME loan.

The Miami Herald reported that to lower construction costs at Edificio Piñeiro, Related allegedly hired subcontractors that misclassified employees as independent contractors to evade labor taxes. Public records show at the Edificio Piñeiro project, 11 of 15 subcontractors hired by Related classified workers—including individual laborers, painters, and bricklayers—as independent contractors rather than employees.

Investigators are reported examining whether additional money from the Edificio Piñeiro project that Related pocketed as profit should have been returned to the county. The Miami Herald reported that, investigators "are exploring whether Related, through its affiliated general contractor and its subcontractors, padded the developer's costs to reap higher returns."

This investigation has called into question Related Urban's ability to continue working on subsidized housing projects in Miami-Dade County. County Vice Chair Audrey Edmonson stated that Carlisle Development, an affordable housing developer, had its subsidized housing projects yanked when the government announced its investigation, which eventually resulted in Carlisle being found guilty of stealing more than \$34 million from the county.

Sources:

"Feds investigating Related Group project amid widening affordable housing probe," Miami Herald. June 15, 2017.

"Federal probe could halt Liberty Square," Miami Times. June 21, 2017.

"Did Miami's biggest developer avoid labor taxes? The feds are investigating," Miami Herald. July 6, 2017.

HUDSON YARDS

When unbounded from the high-standards prescribed by the Hudson Yards' Project Labor Agreement, Related Companies has displayed a track-record of hiring low-road contractors at its Hudson Yards development. Given the complexity of the Hudson Yards project and the level of public investment, there is no room for unsafe or unscrupulous contractors.

UNFAIR LABOR PRACTICE ALLEGATIONS

Unfair Labor Practice charges were filed by the Building and Construction Trades Council of Greater NY & Vicinity against Hudson Yards Construction LLC, an entity controlled by Related. The charges claim that employees have been restrained and coerced through surveillance, interrogation and threat of firing for wearing pro-union stickers. According to the charges, Hudson Yards Construction promulgated a discriminatory solicitation and distribution rule banning pro-union messages, leaflets, signs and stickers. The charge also alleges that Hudson

Yards Construction filed a lawsuit against the Building Trades in retaliation for the pro-union activities of workers represented by Building Trades affiliates. The charge claims that the lawsuit is baseless and was filed for the unlawful purpose of retaliating, intimidating and/or harassing the Building Trades, its affiliates and their members and is an attempt to suppress employee rights, including their freedom of speech and association.

HUDSON YARDS

RELATED ATTRACTS LITIGATION: ALLEGED FRAUDULENT USE OF ALTER EGO TO EVADE UNION WAGES & BENEFITS

In a recent lawsuit, union benefit funds allege that Related “has worked closely” with John Russo, the apparent owner and controller of New York Concrete, to establish New Leaf Development as an alter ego entity to perform concrete construction work at 50 Hudson Yards. In the lawsuit, the union benefit funds claim that Related advised Russo to utilize New Leaf Development as an alter ego entity after the unions refused to work for reduced pay.

Eleonara Hroncich is registered under New Leaf’s general contractor number with the New York City Department of Buildings. Part of the union benefit funds’ claim is that it is “preposterous” for Related to claim it has entered a multimillion dollar concrete construction contract with Hroncich as she, according to their complaint, “has no experience in the area of concrete construction.” Hroncich’s LinkedIn profile identifies her previous employment as a brand marketing manager who has worked for The Limited, Tommy Hilfiger, and Coca-Cola Apparel.

In 2017, Related was associated in a similar case on the Upper East Side in which a union signatory contractor, Navillus Contracting, fraudulently created an alter ego to evade collectively bargained agreements. Related contracted with the alter ego company at a luxury development on 92nd Street.

Navillus was ordered to pay \$76 million to the defrauded union benefit funds, however the firm soon after filed for bankruptcy. The bankruptcy proceedings disrupted operations at two of the most significant construction projects in New York City, Manhattan West and One Vanderbilt. The general contractor terminated contracts with Navillus at both projects because the judgment made the firm insolvent. Work only continued with the backing from Liberty Mutual Insurance.

HUDSON YARDS

HUDSON YARDS SUBCONTRACTORS

Specifically problematic is Related's choice to hire Trade Off Plus at 55 Hudson Yards and New Leaf Development and Brooklyn Ready Mix at 50 Hudson Yards:

BROOKLYN READY MIX

ENVIRONMENTAL CONSENT DECREE VIOLATION: In February 2014 Riverkeeper Inc., a not-for-profit environmental organization, commenced a citizen suit against Brooklyn Ready Mix for allegedly illegally discharging polluted storm water runoff in Newton Creek at their 470 Scott Avenue facility. A consent decree was approved in April 2015 which provided, among other things, that Brooklyn Ready Mix would comply with the Clean Water Act (CWA).

In November 2015 Riverkeeper took legal action to enforce this decree, alleging that on five separate occasions between August and September 2015 Brooklyn Ready Mix violated the CWA by discharging polluted water directly into Newtown Creek. In support of these allegations, Riverkeeper submitted photographs of individuals on the defendants' property "pump[ing] a grayish liquid into Newtown Creek".

In August 2016, a federal magistrate judge found that Brooklyn Ready Mix had violated the consent decree. The judge ordered Brooklyn Ready Mix and its owner Michael Sears to pay Riverkeeper \$50,000 and to reimburse the group for nearly \$80,000 in attorney fees and costs. Brooklyn Ready Mix and Sears initially appealed the decision, but withdrew the appeal and settled with Riverkeeper and agreed to pay \$117,500.

HUDSON YARDS

TRADE OFF & TRADE OFF PLUS CONSTRUCTION

SEXUAL DISCRIMINATION: Female construction employee of Trade Off describes a hostile workplace where sexually harassing behavior is routine. Some of the worst examples of this occurred at 55 Hudson Yards, where a worker claims her supervisor exposed his penis and solicited her for sex on multiple occasions. Others reported harassment included inappropriate sexually demeaning comments, and cat calling.

RACIAL DISCRIMINATION: African American employees of Trade Off, LLC and Trade Off Plus, LLC have filed charges with the Equal Employment Opportunity Commission and the NY State Division of Human Rights alleging systematic racial discrimination. Their charges were filed on February 27, 2018. The complaints allege that African American laborers were disproportionately segregated into Trade Off, while their other coworkers were generally assigned to work for Trade Off Plus which provides higher wages and some benefits. In his complaint with the EEOC, one African American employee likened his experience to “a system reminiscent of apartheid.” Employees at Trade Off received a starting hourly wage of \$15/hour, while Trade Off Plus employees received a starting hourly wage of \$20/hour, as well as some fringe benefits such as a 401k contribution. Related frequently makes use on its jobs of labor supplied by Trade-Off Plus, the entity from which African American workers have allegedly been excluded.

ATTORNEY GENERAL'S INVESTIGATION: In April 2018, the New York Times reported a preliminary investigation into Trade Off's wrongdoing has been opened by The New York State Attorney General's Office.

SHORTED PAY: Workers report habitual mistakes and problems receiving correct and on-time wages. The arduous process to be compensated for missing hours discourages workers from receiving their full pay.

HUDSON YARDS

TRADE OFF & TRADE OFF PLUS CONSTRUCTION (continued)

THE 401K MYTH: Employees, including those at 55 Hudson Yards, were promised a 401K, but for many workers these benefits long remained nothing more than empty promises. After months of workers requesting information on the 401K plan, Trade Off effectively admitted no plan existed by claiming they were in the process of creating one. Despite long having claimed the 401k was in place, documents for the first time distributed in October 2017 show the Plan had only recently been established, while still failing to give workers any information about what, if any, benefits are provided. Contributions to the plan by Trade Off are only discretionary. The provided plan summary states Trade Off “may from time to time make Profit Sharing. Contributions to the Plan. Making these contributions is totally discretionary on [their] part, as is the amount should we decide to make them.”

INADEQUATE SAFETY EQUIPMENT & PRECAUTIONS: Trade Off workers at 55 Hudson Yards report unsafe work conditions on the project.

UNFAIR LABOR PRACTICES: Between April 2017 and April 5, 2018 at least eight charges against Trade Off and Trade Off Plus have been filed at the National Labor Relations Board (NLRB). The charges allege a variety of infringements on employees’ rights, including surveilling and interrogating employees, changing employees’ terms and conditions of work, and discharging employees based on their organizing activities. All but one investigation is ongoing. The NLRB General Counsel advised they will be issuing a complaint about the lawsuit.

HUDSON YARDS

NEW LEAF DEVELOPMENT

BARRED FROM SECURITIES: In October 2014, NYS AG Eric Schneiderman accepted an Assurance of Discontinuance in which Joseph Scarpinito – the current owner of New Leaf Development – was permanently barred from selling securities, including condo and coop sales, in or from NYS.

CONSTRUCTION DEFECTS: The above-mentioned assurance of discontinuance came as a result of the Mirada Condo Board's complaint against developers Scarpinito and Sanjana detailing extensive defects with the building, including water leaks in the roof and façade. Scarpinito and Sanjana were also required to submit to binding arbitration with the condo board over alleged construction defects, deposit \$200,000 into an escrow account to secure obligations to 67 condo buyers and pay \$500,000 in civil penalties, costs and fees to New York State.

FELONY CONVICTION: The Attorney General concluded that Scarpinito hid his prior federal felony conviction for bank fraud and personal bankruptcy by falsely listing his mother as a project developer of the Mirada condominium.

THE RELATED PORTFOLIO

Many of the 25,000 luxury housing units and 10 million square feet of commercial space developed by Related Companies are built by a stable of disreputable firms with extensive histories of endangering and exploiting workers.

These histories include allegations of worker fatalities, wage theft, and fraud:

FATALITIES: Subcontractors on Related Companies' projects have histories of worker and end-user fatalities on other projects. These companies include **Northeast Interiors, Park Side Construction, Rock Group NY Corp, and North American Elevator**. These deaths include a **Park Side** worker crushed to death in 2014 by a concrete slab; **Rock Group NY Corp** was penalized by the Department of Buildings when Luis Matta was fatally struck on April 21, 2016 by a wooden plank that fell from the 10th floor of 421 Hudson Street; **Northeast Interiors** employee Pedro Basilico died on the first floor of a demolition project at 25 West 38th Street when five floors of debris collapsed on him and coworker Kairo Garcia, who was rescued in a three hour emergency operation. **North American Elevator** was reportedly contracted to inspect the elevators in December 2016 when Stephen Hewett-Brown was pinned between the ceiling of an elevator cab and the third floor at 131 Broome Street and died.

WAGE THEFT: Some subcontractors used by Related Companies have histories of wage theft allegations. For example, **Spring Scaffolding** settled a class action lawsuit alleging wage theft with up to 195 workers for \$560,000 who were employed by Spring Scaffolding between 2014 and 2006. An **ACS-NY** worker filed a lawsuit against ACS alleging the firm failed to pay him overtime, allow breaks, or provide paystubs. Before the case could be adjudicated, ACS filed bankruptcy and the action was stayed. Wage theft allegations against **Gilbane** span the country, including a lawsuit over the company's alleged failure to pay the prevailing wage in Maryland, and a class action lawsuit in California against Gilbane alleging failure to pay overtime rates. Workers brought an on-going class-action lawsuit against **Park Side Construction** in 2016 alleging that they regularly worked 55 to 60 hours per week, but were never paid an overtime premium.

THE RELATED PORTFOLIO

FRAUD & CRIMINAL ACTIVITY: Some contractors hired to work on Related Projects have histories of fraudulent and criminal activity. While defending their company in an unrelated case, **Advanced Contracting Solutions (ACS)** admitted to acts that amount to insurance and visa fraud. **Park Side** principal Salvatore Pugliese was sentenced to two years in prison in connection with his alleged involvement in a violent criminal organization known as the “Giannini Crew” in 2001. Government officials in California, Arizona, Connecticut and Ohio have faced ethics scandals involving **Gilbane**. One incident has been called “the Largest Public Corruption Case of its kind in San Diego County,” and in another 11 employees in Maricopa County, Arizona were placed on administrative leave.

WESTERN YARDS

RELATED MUST MINIMIZE RISK AT COMPLICATED WESTERN YARDS PROJECT

The Ontario Municipal Employees Retirement System (OMERS), through its Oxford Properties real estate arm, and Related Companies will soon be partnering on the Western Yards. The final stage of Hudson Yards, The Western Yards will include 6 million square feet of commercial office and residential space, along with a new public school and 100,000 square feet of retail.

As with the rest of Hudson Yards, taxpayers will support the more than \$3 billion Western Yards project through various New York City and New York State subsidies. In addition to OMERS and Related, investors include buyers of the \$1.06 billion in bonds issued by the Metropolitan Transit Authority (MTA) and backed by the promise of rents from the project's future occupants. These investors and taxpayers have a lot riding on the efficient, safe and timely completion of this extremely complex project, in which buildings must be constructed atop a platform that will need to be built above active Long Island Rail Road train tracks. As the MTA notes in bond documents, the complexity of the project already carries significant risks:

Construction of the various components of the Hudson Rail Yards Project is complicated and requires timely performance by a large number of suppliers, contractors, subcontractors and other participants. Delays and defaults by any such parties could increase the cost of construction and delay completion of the affected components. Site conditions, regulatory compliance, labor matters, disputes, changes in the local or national economy, shortages in materials, and force major events, among other things, can also lead to increased costs or delays.

It is therefore imperative that Related minimize additional risks for investors and taxpayers by developing the project with responsible contractors who can ensure labor peace and are known for their ability to complete work in a safe and efficient manner. Yet, thus far, Related has refused to protect investors by signing a Project Labor Agreement to ensure only these kinds of responsible contractors are employed at the Western Yards. In fact, the records of contractors employed at projects across Related's portfolio raises real concerns about the kinds of firms Related will hire at the Western Yards and how their performance could impact the timing and financing of the project.

RELATED'S PROJECTS

Many contractors that work on projects developed, managed, and financed by Related Companies have histories of endangering and exploiting workers. Details on each of these firms can be found in the following section of this report.

The following contains examples of Related Projects on which some of these contractors have worked as general contractors, subcontracts or supervisors:

1. 520 WEST 28TH STREET

Manhattan
Purchased: 12/17/2012

CONTRACTOR:
Donato, Inc.
Plumbing Contractor
*Proposed Job Start:
02/16/2016*

2. 55 HUDSON YARDS

558 West 34th Street
Manhattan
Purchased: 7/19/2013

CONTRACTOR:
Gilbane Building Company
General Contractor
Filed: 11/13/2015

Trade Off Plus, LLC
Labor Supplier

3. HIGHLINE 9 GALLERIES

509-11 West 27th Street
Manhattan
Leased on 11/23/2016

CONTRACTORS:
Nordest Services, LLC
Demolition Contractor
Proposed Job Start: 03/21/2017

Rock Group NY Corp.
Shed Contractor
Proposed Job Start: 02/13/2017

4. 50 HUDSON YARDS

427 10th Avenue Manhattan
Purchased: 12/15/2015

CONTRACTOR:
New Leaf Development, LLC
Concrete Contractor
Job Start: 08/28/2017

Brooklyn Ready Mix
Concrete Supplier
Concrete Mix Report: 3/20/2018

5. 261 HUDSON STREET

Manhattan
Purchased: 3/26/2012

CONTRACTORS:
Donato, Inc.
Plumbing Contractor
Proposed Job Start: 02/16/2016

ACS-NY, LLC
Crane Contractors
Filed: 02/25/201

6. THE EASTON

205 East 92nd Street Manhattan
Purchased: 8/24/2011

CONTRACTOR:
ACS-NY, LLC
Crane Contractor

RELATED'S PROJECTS

7. 520 WEST 30TH STREET

Manhattan

Purchased: 12/17/2014

CONTRACTORS:

Donato, Inc.

Plumbing Contractor

Job Start: 02/16/2016

Trade Off Plus, LLC

Labor Supplier

North American Elevator

Elevator Contractor

8. 300 LAFAYETTE

Manhattan

Leased: 5/2/2016

CONTRACTORS:

Parkside Construction Builders

Concrete Contractor

Job Start: 09/16/2016

Donato, Inc.

Plumbing Contractor

Proposed Job Start: 10/27/2016

9. 70 VESTRY / 264 WEST STREET

Manhattan

Purchased: 12/9/2013

CONTRACTORS:

Spring Scaffolding, LLC

Scaffolding Contractor

09/12/2012 - 12/31/2014

Trade Off Plus, LLC

Labor Supplier

10. 501 West 18th Street

Manhattan

Purchased: 12/23/2014

CONTRACTOR:

East Coast Drilling

Filed: 11/6/2017

RELATED'S LOW-ROAD CONTRACTORS

- 1. Advanced Contracting Solutions, LLC (ACS)**
- 2. Brooklyn Ready Mix**
- 3. Donato, Inc.**
- 4. East Coast Drilling**
- 5. Gilbane Building Company**
- 6. New Leaf Development, LLC**
- 7. North American Elevator, Inc.**
- 8. Northeast Service Interiors, LLC**
- 9. Park Side Construction, Inc.**
- 10. Rock Group NY Corp.**
- 11. Spring Scaffolding, LLC**
- 12. Trade Off Construction Services ("Trade Off")**

ADVANCED CONTRACTING SOLUTIONS, LLC (ACS)

FRAUD

While defending their company in an unrelated case, ACS principals admitted to acts that amount to insurance and visa fraud. In a finding against ACS:

- Judge McMahon stated that Eoin Moriarty, an employee of Navillus, “fraudulently used Navillus’ status as a corporate immigration sponsor to maintain his own visa and to secure a visa for another ACS employee.”
- Judge McMahon further stated that Eoin Moriarty “testified that Downes was a ‘figurehead’ who agreed to serve as ACS’s only member solely for purposes of obtaining favorable insurance rates. If that [were] true, his participation would amount to a fraud.” It was ultimately concluded that “Downes was used to signal to those in the industry that ACS was a Navillus entity.”

WAGE THEFT

- In December 2015, a worker brought a lawsuit against ACS in federal court. The worker claimed that the company would often fail to pay him the entirety of what he was owed; that he often worked between 60 and 70 hours per week, but was only paid for a few hours of overtime; and that after he spoke out about this violation of his rights, ACS retaliated by instructing him to perform unsafe work. The case was settled in July 2016 for an amount of \$4,800.
- In July 2017, a worker filed a lawsuit against ACS over federal wage and hour violations. The worker estimates that he regularly worked 65 to 70 hours per week and that ACS failed to pay overtime, provide break time (instead docking him 30 minutes pay each day for nonexistent meal breaks), or provide pay stubs, as required by federal law. The case was stayed when ACS filed for bankruptcy, which protected them from the worker’s legal action.

UNSAFE WORKING CONDITIONS

- Occupational Safety and Health Administration (OSHA) issued a violation against ACS in May 2017 for failing to have fall protection for workers on scaffolding. The case is still open as of May 29, 2018.
- In March 2015, because of an inspection at a Manhattan construction site, OSHA cited ACS for one serious and one repeat violation for lacking proper fall safety.
- After an OSHA inspection in Nov. 2014, the agency cited ACS for failing to meet the federal requirements for training workers to safely operate on scaffolds.
- Following a May 2014 inspection at a jobsite in the Bronx, OSHA cited ACS for two serious violations related to scaffold safety and fall protection.

BROOKLYN READY MIX

Brooklyn Ready Mix (BRM) operates a ready concrete plant at 470 Scott Avenue, Brooklyn. Concrete trucks bearing Brooklyn Ready Mix’s name are registered with the US Department of Transportation under the name Prime Mix Corp. and at the same address, 470 Scott Avenue, where BRM operates.

REPEATED VIOLATIONS OF CLEAN WATER & FEDERAL CONSENT DECREE

In February 2014 Riverkeeper Inc., a not-for-profit environmental organization, commenced a citizen suit against Brooklyn Ready Mix for allegedly illegally discharging polluted storm water runoff in Newton Creek at their 470 Scott Avenue facility. A consent decree was approved in April 2015 which provided, among other things, that Brooklyn Ready Mix would comply with the Clean Water Act (CWA).

In November 2015 Riverkeeper took legal action to enforce this decree, alleging that on five separate occasions between August and September 2015 Brooklyn Ready Mix violated the CWA by discharging polluted water directly into Newtown Creek. In support of

these allegations, Riverkeeper submitted photographs of individuals on the defendants’ property “pump[ing] a grayish liquid into Newtown Creek”.

In August 2016, a federal magistrate judge found that Brooklyn Ready Mix had violated the consent decree. The judge ordered Brooklyn Ready Mix and its owner Michael Sears to pay Riverkeeper \$50,000 and to reimburse the group for nearly \$80,000 in attorney fees and costs. Brooklyn Ready Mix and Sears initially appealed the decision, but withdrew the appeal and settled with Riverkeeper and agreed to pay \$117,500.

Tax Warrants

- Since August 2017 through March 2018, New York State issued five tax warrants against Prime Mix Corp.
- Additionally, the federal Internal Revenue Service issued a tax warrant against Prime Mix Corp. for \$23,385 for the period ending in March 31, 2016.

NEW YORK STATE TAX WARRANTS

(as of March 2018)

Date	Amount
August 10, 2017	\$73,246.39
August 10, 2017	\$5,996.44
October 12, 2017	\$4,053.59
December 7, 2017	\$158,967.60
February 15, 2018	\$111,156.38

DONATO, INC.

Donato, Inc. Plumbing and Heating is a family business that specializes in plumbing contracting. Donato is operated by Kevin Rugg and Gordon Rugg Jr., who are both registered as Master Plumbers. Donato, Inc. is located at 414 3rd Ave, Brooklyn, NY 11215.

WAGE PRACTICES

- **Off-the-Books Work.**

In one case, a worker had a “verbal agreement” with Donato President, Kevin Rugg, to receive cash payments. For his first paycheck, one Donato worker received his wages in cash through an arrangement with his project manager. Multiple workers have reported that at times upwards of twenty employees have a similar arrangement to receive weekly payments in cash only, a practice one worker described “widely-known.” The workers that stood in line for their cash payments referred to themselves as “The Welfare Line.”

- **Overtime Issue**

Donato avoided following federal overtime rules. A worker received no money for overtime beyond his 40-hour-per-week checks, despite working some weeks from 55 to 60 hours. One worker, however, has said that he and other Donato employees were not paid time-and-a-half for overtime.

RACIAL DISCRIMINATION

Donato’s policies have also created an environment of racial discrimination:

- Multiple workers have alleged discriminatory treatment based on race, describing situations where white workers were given easier tasks, while workers of color were given heavier jobs and spoken to in a harsher manner. One worker reports that he was told he could “never” be a foreman because he was not Albanian.

- Another worker has reported that Donato supervisors discriminate against recent immigrants in the workforce. The worker alleges that it is the Latin and Southeast European immigrant workers that “regularly worked Saturdays – after having already worked a full forty-hour week and were not provided with overtime compensation.” The worker further reported that his helper, a Panamanian immigrant, was paid in cash \$400 per week, and when he got sick was only paid for two of his five sick days.

DONATO, INC.

UNSAFE WORKING CONDITIONS

There have been multiple accounts of unsafe and irresponsible work conditions at Donato jobsites:

- Donato workers have reported that they are not always issued proper equipment to complete jobs in a timely manner, and that they sometimes put their own safety and health at risk. For example, Donato never issued fall protection equipment, thus requiring some workers to use lifts without being secured by safety harnesses. At other times, workers used grinders without any safety guards on the blades.
- One Donato worker reported that there were times when construction would continue despite the presence of Asbestos.
- Many workers emphasized that Donato did not provide regulation personal protective equipment despite their exposure to a lot of concrete dust throughout the workday.
- Donato supervisors, workers alleged, prioritized the speed of completion over ensuring quality and safety in their work.
- Sometimes the fast pace and lack of training would lead to improper installation. In one incident, a worker was ordered by supervisors to bury a gas line underground without the shelter of a special perforated cover, instructions that defied regulations and that posed a safety liability. In another incident, workers had to walk through standing water after water pumps malfunctioned, causing illnesses and skin infections.
- Workers describe activities that posed fire risks. Often no one would check torch operations at the required intervals after completion to ensure there were no fires or smoldering, as required by holders of FDNY F-60 Certificates. Further, during melding or cutting operations that posed fire risks, rarely was there a fire guard or watch present.
- Moreover, workers did not put unique identifying stamps on their welds, as required by law.

WORKER INTIMIDATION

One employee claims that Donato and other plumbing contractors maintain a “worker blacklist” for those that speak out or file suit against an employer, and that the list is shared with other contractors.

GILBANE BUILDING COMPANY

Over the last 15 years, Gilbane Building Company has been involved in a number of cases involving allegations of government ethics violations or improper bidding for public work. Below are several alarming examples of safety violations, wage theft, labor law violations, and corruption.

SAFETY VIOLATIONS

Gilbane has had significant incidents of unsafe work conditions in the first half of 2017:

- On March 22nd, a Gilbane jobsite had a hoist partially detach and become in danger of falling off. The hoist had to be taken down and the jobsite was cited for failing to provide an inspection report for the hoist.
- A day before the above-mentioned incident, at 118 Fulton Street a hoist-worker was hit in the head with a load of rebar and was taken to the hospital. The DOB cited the jobsite for failure to safe-guard all persons.
- At the Jewish Theological Seminary, a construction fence for which Gilbane holds the permit fell and hit a pedestrian. One month prior to this incident, Gilbane was penalized at the same site for a fence collapse.
- All three sites received Partial Stop Work Orders due to the afore- mentioned incidents.

IRRESPONSIBLE SUBCONTRACTORS

Gilbane has a history of subcontracting to irresponsible subcontractors, which include:

TRADE OFF CONSTRUCTION at 1 Wall Street

U.S. CRANE AND RIGGING at 200 East 59th Street, a company run by the Auringers

NEW YORK INSULATION at 1681 Third Avenue

RCI PLUMBING at 200 East 59th Street

STRUCTURE TECH at 1681 Third Avenue

FJM-FERRO at 63 Flushing Avenue

GILBANE BUILDING COMPANY

WAGE & LABOR LAW VIOLATIONS

In several instances, workers have filed lawsuits against Gilbane alleging the company violated federal wage and hour laws and other basic workers' rights. In other cases, subcontractors working under Gilbane on public works projects have allegedly illegally underpaid workers. These cases include:

- **2012 – FMLA Lawsuit in MD.** In September 2012, a Maryland woman commenced a suit against Gilbane alleging that the company terminated her for requesting leave protected under the Family and Medical Leave Act (FMLA). The woman claimed she was fired from her position as a quality manager for Gilbane shortly after she requested two days of FMLA leave per week to care for her mother, who had suffered serious injuries in a severe automobile accident and required ongoing care. Gilbane and the woman reached an undisclosed settlement in April 2013.
- **2012 – Wage and Hour Lawsuit in CA.** In May 2012, a worker in Santa Clara, California accused Gilbane of wage and hour violations, alleging a range of violations of the federal Fair Labor Standards Act (FLSA), California state wage law and the Employee Retirement Income and Security Act (ERISA). The employee claimed that Gilbane regularly required him to work more than 8 hours in a day or more than forty hours per week, without paying proper overtime. He also claimed that he was regularly denied rest breaks and meal periods required by law, and that Gilbane failed to reimburse him for business related expenses. The case was settled in February 2013, without the terms of the settlement being disclosed.
- **2011 – Gilbane Sued for Prevailing Wage Violations and False Claims.** In February 2011, a lawsuit against Gilbane and another company was filed on behalf of two workers who alleged that they were not paid prevailing wages for work they performed under Gilbane's contract for renovations to the National Institute of Health's (NIH) facilities in Bethesda, Maryland. The Davis-Bacon and Related Acts mandate that workers on federally-funded construction projects get paid prevailing wages and benefits. The Complaint alleged that prevailing wage violations were widespread at the NIH jobsite, and that Gilbane had made false claims to the U.S. government by submitting bills to the NIH for payment which included payroll records falsely indicating workers on the job had been paid the prevailing wage. The workers also allege that they were fired from the job after they raised these concerns and that Gilbane played a part in their terminations. Charges against Gilbane were dismissed following a settlement agreement between the government and Paige Industrial Services, the second charged party and frequent subcontractor of Gilbane at NIH. Paige agreed to pay between \$450,000 and \$675,000 to resolve allegations.

GILBANE BUILDING COMPANY

- **2014 – Prevailing Wage Violations by Subcontractors at Gilbane Project in CA.** In an August 2014 annual report to the state’s Department of Industrial Relations, the Trustees of the State University of California reported that three subcontractors had underpaid employees a combined \$32,465 for work performed under Gilbane’s \$80.5 million contract to construct a new Center for Science and Mathematics at California Polytechnic State University.
- **2008 – Discrimination Lawsuit in NJ.** In June 2008, a New Jersey woman filed a lawsuit against Gilbane claiming that she was fired from her job as a purchasing agent for the company just one week after disclosing to her supervisors that she was pregnant. The woman alleged that her pregnancy was the sole reason for her dismissal, a violation of Title VII of the federal Civil Rights Act and of the New Jersey Law Against Discrimination. The lawsuit was settled in September 2009 under a Confidential Settlement Agreement.

CORRUPTIONS CHARGES

In four of these cases, public officials were charged with accepting improper gifts from Gilbane while the firm was either performing work for their agency or pursuing a contract for work with their agency. As a company, Gilbane has only been charged in a couple of these cases, and one case was dismissed on a technicality. However, government officials in California, Arizona, Connecticut and Ohio have been terminated, forced to resign, and/or have faced civil penalties over ethics scandals involving Gilbane. In one instance, a former Gilbane executive took a plea deal to avoid felony charges after admitting to having lavished public school district officials with gifts.

This trail raises serious questions about Gilbane and its methods of procuring public works jobs. The cases are as follows:

- **2012 – Former Gilbane Executive Pleads Guilty in “the Largest Public Corruption Case of its kind in San Diego County.”** In March 2012, former Gilbane executive Henry Amigable pled guilty to charges that he bought expensive meals, tickets to high profile events, and other gifts for members of the San Diego-area Sweetwater Union High School District to convince the officials to award school construction contracts to Gilbane and later to two other firms. In 2014, the Sweetwater school district filed a lawsuit seeking the return of \$26 million in taxpayer funds paid to a joint venture of Gilbane and SGI Construction pursuant to construction contracts awarded around the time of Amigable’s alleged illicit gifts. In February 2016, a California appeals court denied the motion of Gilbane and SGI to dismiss the case because the gifts constituted protected free speech and ruled that the school district has “demonstrated a probability of prevailing” on its claim. The parties settled the appeal with Gilbane and SGI agreeing to pay Sweetwater \$8.2 million.

GILBANE BUILDING COMPANY

- **2012 – Gilbane Gifts Cited in Phoenix-Area Ethics Scandal.** In December 2012, 11 employees of Maricopa County were placed on administrative leave following an internal investigation revealing that the employees had violated the county’s ethics policies by accepting improper gifts from contracted vendors, including Gilbane. Gilbane was at the time constructing a \$340 million criminal court tower for the county. (In March 2010, Gilbane was awarded a separate \$37 million contract to complete the court tower’s interior.) Five employees resigned, one was terminated and three were suspended in connection with the investigation.
- **2013 – Florida College Throws Out Gilbane Award after Rival Firm Alleges Improper Bidding.** In April 2013, St. Petersburg College in Florida canceled the selection of Gilbane for a \$14 million contract to construct a new campus building after rival builder Peter R. Brown Construction, Inc. protested that the college’s president had ignored the recommendations of a college selection committee and personally chosen Gilbane, even though the selection committee had ranked Gilbane’s proposal last out of three bidders. The college denied that the bidders had been ranked. Ultimately, a third firm, LEMA Construction, was awarded the job.
- **2010 – Committee Funded by Gilbane and Other Firms Cited for Illinois Elections Rule Violations.** In November 2010, Gilbane was connected with another political impropriety, this time involving election rule citations by the Illinois State Board of Elections. A referendum was passed approving the sale of \$168 million in bonds to fund construction and renovations at a Chicago area community college. Gilbane was among the largest donors to the Supporters of College of DuPage, a ballot initiative committee that supported the referendum. Gilbane was the construction manager that oversaw the recent completion of the college’s Health and Science Center. Other donors to the group had also done business with college. The state elections board ruled that the political committee violated elections rules by failing to disclose its identity on campaign signs advocating for the referendum passage.
- **2005 – Connecticut State Ethics Commission Penalizes Gilbane for Unlawful Gifts.** In June 2005, Gilbane agreed to a settlement with the Connecticut State Ethics Commission for unlawful gifts to public officials. The commission charged that in 2002, while Gilbane was doing business with the state’s Department of Public Works, Gilbane president William Gilbane, Jr. purchased food, drinks and/or “golf related expenses” for one department employee and bought another department employee food and/or drinks as well as a piece of art. One of the department employees was found to have accepted gifts from the company on more than one occasion. Under the terms of the settlement, Gilbane agreed to pay a civil penalty of \$5,000.
- **2003-2004 – Ohio Ethics Commission Charges Gilbane and State Official in Pay-for-Play Scandal.** In 2003 and 2004, the Ohio Ethics Commission charged Gilbane and former Executive Director of the Ohio School Facilities Commission, Randall Fischer, with state ethics violations. In a textbook “pay for play” case, Fischer failed to report gifts worth a total of \$1,289 from contractors performing work for his agency; \$862 of that \$1,289 allegedly came from Gilbane. According to the Ethics Commission, over a period from 1997 to 2002 Gilbane officials provided Fischer with meals, several golf outings and a two-night stay at the Rhode Island home of the company’s president, Thomas Gilbane. During the same period, Gilbane was awarded more than \$10 million in no-bid construction contracts approved by Fisher. A municipal court judge dismissed the complaint against Gilbane because it was filed too late, but Fischer was found guilty of conflict of interest charges and was fined the maximum amount of \$1,250 plus court costs.

NEW LEAF DEVELOPMENT

New Leaf Development LLC is listed as the concrete contractor on the foundation permit for 50 Hudson Yards, in addition to being listed on the fence permit. According to the NYS Division of Corporations and the DOB, New Leaf Development LLC is registered at 461 20th Street Brooklyn, New York 11215. According to ACRIS, as well as the aforementioned permits, 461 20th Street, Brooklyn is owned by Joseph Scarpinito.

DEBARMENTS & FELONIES

Joseph Scarpinito of New Leaf is Debarred from the Securities Industry by NYS Attorney General.

- In October 2014, NYS AG Eric Schneiderman accepted an Assurance of Discontinuance in which Joseph Scarpinito – the current owner of New Leaf Development – was permanently barred from selling securities, including condo and coop sales, in or from New York State.
- The above-mentioned assurance of discontinuance came as a result of the Mirada Condo Board’s complaint against developers Scarpinito and Sanjana detailing extensive defects with the building, including water leaks in the roof and façade.
- Scarpinito and Sanjana were also required to submit to binding arbitration with the condo board over alleged construction defects, deposit \$200,000 into an escrow account to secure obligations to 67 condo buyers and pay \$500,000 in civil penalties, costs and fees to New York State.
- The Attorney General concluded that Scarpinito hid his prior federal felony conviction for bank fraud and personal bankruptcy by falsely listing his mother as a project developer of the Mirada condominium.

EXPEDITING PERMITS

Scarpinito’s Past as a Construction Permit Expediter

- Joseph Scarpinito is also listed on an expired registration for Real Estate Management Service (REMS). In one case of a worker-injury lawsuit for damages, charges against Mr. Scarpinito’s REMS were dismissed, because “the only function it performed in connection with the construction project was obtaining a work permit.”

NEW LEAF DEVELOPMENT

ALLEGED FRAUDULENT USE OF ALTER EGO TO EVADE UNION WAGES & BENEFITS

- In a recent lawsuit, union benefit funds allege that Related “has worked closely” with John Russo, the apparent owner and controller of New York Concrete, to establish New Leaf Development as an alter ego entity to perform concrete construction work at 50 Hudson Yards. In the lawsuit, the union benefit funds claim that Related advised Russo to utilize New Leaf Development as an alter ego entity after the unions refused to work for reduced pay.
- Eleonara Hroncich is registered under New Leaf’s general contractor number with the New York City Department of Buildings. Part of the union benefit funds’ claim is that it is “preposterous” for Related to claim it has entered a multimillion dollar concrete construction contract with Hroncich as she, according to their complaint, “has no experience in the area of concrete construction.” Hroncich’s LinkedIn profile identifies her previous employment as a brand marketing manager who has worked for The Limited, Tommy Hilfiger, and Coca-Cola Apparel

SCARPINITO AND THE SOPRANOS

- Joseph Scarpinito is listed on the website of Scarpe Diem Productions as an “entrepreneur, actor and film producer.” In particular, he has an extensive involvement with the cast of The Sopranos. Mr. Scarpinito is listed as acting in the episode the “Rat Pack” as Paulie’s Friend on an episode of The Sopranos. Scarpinito has written and produced two movies, one starring Paulie Gualtieri (“Paulie Walnuts”) and another starring Steve Schirripa (“Bobby Baccalieri”) with Michael Imperioli (“Christopher Moltisanti”) as Director.
- Mr. Scarpinito and Steve Schirripa are also business partners on a sauce brand called “Uncle Steve’s Italian Specialties.” Scarpinito and Schirripa are described as childhood friends. The sauce is said to be sold at Whole Foods, as well as Novelli’s Pork Store in Oakwood, Frank & Sal’s butcher shop in Great Kills, Royal Crown Bakery in Grasmere and its sister store, Artisan Bakery, in Charleston.

NORTH AMERICAN ELEVATOR

North American Elevator is a full-service elevator company with offices in New York, Philadelphia and New Jersey. North American Elevator has a documented presence at Related's 520 W 30th Street.

MAN CRUSHED BY ELEVATOR AT 131 BROOME STREET

- In December 2016, Stephen Hewett-Brown was killed by a malfunctioning elevator at 131 Broome Street in Manhattan. North American Elevator was reportedly contracted to inspect the elevators, along with Elevator Testing Co. Inc. Mr. Hewett-Brown was helping residents exit from a stuck elevator, when the elevator came crashing down, pinning him between the ceiling of the cab and the third floor. At the time of the incident, the building had three open violations on its elevators issued by the city Buildings Department for failing to correct defects dating to a 2012 inspection.

MALFUNCTIONS AT THE GRAND STREET GUILD APARTMENTS

- After the tragic death, elevator malfunctions continued at the Grand Street Guild apartment complex, of which 131 Broome Street is part of, includes reports of stalled elevators and limited service.
- Daisy Paez, the tenant association president, called on the building's management to replace North American Elevator as its contractor.

"With all the elevator problems we have had, they've got to be replaced. If management keeps this company, they are doing absolutely nothing (to remedy the situation)."

~Daisy Paez, Tenant Association President

WAGE THEFT

- At the Grand Street Guild complex the US Department of Labor found that North American failed to pay about \$1,700 from workers during construction.

NORTHEAST SERVICE INTERIORS, LLC

Northeast Service Interiors, LLC is a company that specializes in demolition contracting with offices located at 56-01 Nurge Avenue, Suite 2 in Maspeth, NY. It is one of several companies, including Nordest Services, controlled by the Caliendo family.

WORKER DEATH

- Northeast Interiors employee Pedro Basilico was on the first floor of the 25 West 38th Street demolition site when five floors of debris collapsed on him and coworker Kairo Garcia. After a 3-hour effort to free them both, Garcia was extricated from the rubble alive, but Basilico did not survive. The DOB issued a full Stop Work Order after the building collapse, and Northeast later paid \$2,000 in penalties for its failures to maintain base plates on the fifth floor and to adequately dispose of debris on the second floor. OSHA additionally served Northeast Interiors with 3 serious violations for the collapse, totaling \$21,000 in penalties. The parties settled the violations for a payment of \$9,500.
- After the worker death, however, Northeast Interiors continued to maintain an unsafe job site during demolition at 25 West 38th Street. In May 2016, Northeast was penalized \$5,000 for failing to safeguard the public, and received a Full Stop Work Order for leaving the fence gate open with no employees at an active demolition site. On February 22, 2017, the DOB served a third Full Stop Work Order at 25 West 38th Street over damages to the adjacent property during demolition.

WORKER INJURIES AND UNSAFE CONDITIONS

- Before the death of Pedro Basilico, another Northeast Interiors worker was injured at 250 E 40th Street, falling from the roof of the site to the sixth floor after the concrete floor he was chopping gave way. The worker was wearing fall protection but was not tied off. The DOB issued a penalty of \$2,400 against owner Franco Caliendo and served a Full Stop Work Order.
- At other sites, even though injuries did not occur, the threat of injury remained. In May 2016 Northeast Interiors was penalized \$10,000 and served a Full Stop Work Order for failing to provide fall protection around a tower during demolition at 109-09 180th Street in Queens. At 155 East 79th Street, the DOB issued eight violations against Northeast Interiors for a total of \$11,600 in penalties. In August 2013 at 155 East 79th Street, active demolition occurred with the main stairs being blocked by bricks, and there existed only one possible exit instead of the mandated two; three days later, inspectors discovered that Northeast Interiors had continued work despite the Full Stop Work Order. In another incident two months later at the same site, four workers removed brick with part of the guard rail missing at the top of the platform.
- Work performed by Northeast Interiors has at times threatened neighboring buildings. A Full Stop Work Order was served at 189 Avenue B after adjacent properties began to crack and vibrate, compromising a support wall. Northeast was named in a suit with others for property damages totaling \$1.69 million. The case was dismissed November 17, 2016 with no details of the resolution provided.
- Between 2013 and May 2018 Northeast Interiors has been charged 35 times by the DOB for a total of \$50,860 in imposed penalties. Hence, Northeast Interiors has displayed a track record of negligence to site safety.

PARK SIDE CONSTRUCTION

Park Side Construction is a Queens-based concrete contractor owned and operated by the Pugliese family.

Former Park Side employees describe a company that often violates basic worker protections concerning fair compensation and health and safety. Underscoring workers' health and safety claims are OSHA inspections which, from February 2014 to August 2017, have cited Park Side on seven separate occasions for a total of 18 violations of federal safety standards. These include citations issued in connection with the September 2014 death of employee Rodolfo Vasquez-Galian at a hotel construction project on Manhattan's West Side.

Adding additional reputational risk is the criminal past of Park Side principal Salvatore Pugliese, who in 2001 was sentenced to two years in prison in connection with his alleged involvement in a violent criminal organization known as the "Giannini Crew."

CRIMINAL CHARGES OF WAGE THEFT & INSURANCE FRAUD

- Park Side Construction, its constituent companies and principals were indicted with criminal charges by the Manhattan District Attorney in May 2018. The charges describe a scheme to steal more than \$1.7 million in wages from workers and workers' compensation fraud totaling approximately \$7.8 million. The charges are the result of a joint investigation by Manhattan District Attorney's Office's Rackets Bureau and Construction Fraud Task Force, New York City Department of Investigation, New York State Department of Labor, and New York State Insurance Fund.
- According to a press release by the district attorney, despite having facial recognition software to keep track of work hours, time sheets were intentionally altered to short workers their due wages. Between 2014 and 2017 this resulted in \$1.7 million in wages stolen. Prosecutors say that Park Side operated an alter ego company which it used to obscure the true number of employees to obtain fraudulently low insurance premiums from the NYS Insurance Fund. Park Side reportedly hid \$40 million in payroll to accomplish this scheme.

PARKSIDE CONSTRUCTION

PARK SIDE WORKERS' STORIES OF EXPLOITATION, SAFETY VIOLATIONS & WORKER DEATH

- According to one worker who was injured on the job, Park Side supervisors refused to call him an ambulance, lied about the injury to healthcare workers, and after he reported his injury for workers' compensation, he was fired.
- In July 2016, the Labor Press reported the story of Juan Paulino, who was assaulted by Park Side personnel after he asked for his unpaid wages. Per the report, "Instead of being paid...Paulino says he was spat upon, struck in the head and ultimately tackled to the ground, snapping his lower right leg...The same foreman told Paulino that he was 'fired.'" Mr. Paulino's right leg was reportedly shattered, and he still needed the help of the New York State District Council of Ironworkers to secure his final paycheck.
- In September 2014, Park Side employee Rodolfo Vasquez-Galian was killed when a concrete slab fell on him while he was working on a hotel development project at 326 West 37th St. Following an inspection into the incident, OSHA cited Park Side for a serious violation.
- In the seven months prior to Vasquez-Galian's death, OSHA had found serious safety violations during two inspections at Park Side worksites. A February 2014 inspection at a Brooklyn jobsite led the agency to issue three serious violations against Park Side for inadequately protecting workers from falls and the risk of impalement. A May 2014 inspection at the same 37th Street project where Vasquez-Galian died later that year found a lack of appropriate eye and face protection for workers.
- Since Vasquez-Galian's death, OSHA inspectors have gone on to find serious health and safety hazards at six additional Park Side jobsites. Following a January 2016 inspection at a project at 215 Chrystie Street in Manhattan, the agency cited Park Side for three repeat violations, including citations for failing to properly protect workers from falling from scaffolds and a serious violation related to "fall protection systems criteria and practices."

CLASS ACTION LAWSUIT ALLEGING WAGE THEFT

- An on-going class-action law suit was filed in 2016. Park Side employees allege that they regularly worked 55 to 60 hours per week, but were never paid an overtime premium.
- Workers describe a company policy of purposefully denying their rights to workers' compensation and actual and threatened retaliation against injured workers seeking workers' compensation. According to workers, Francesco Pugliese instructed workers taken to the hospital to lie about how they were injured. The workers claim that when one of them refused to perpetuate this fraud and sought access to his right to workers' compensation protection, Pugliese fired the entire crew.

PARKSIDE CONSTRUCTION

PARK SIDE PRINCIPAL SENTENCED TO JAIL AS PART OF MAFIA PROSECUTION

- In 1999, Park Side principal Salvatore Pugliese and other alleged members of the violent criminal organization, the “Giannini Crew,” were indicted by the US Attorney for the Eastern District on charges of conspiracy to commit armed robbery and illegal use of a firearm.
- According to the indictment, the Giannini Crew committed “various crimes of violence, including armed robberies of bank employees and employees of other commercial establishments, arson, extortion, and other criminal activity, including gambling, drug trafficking and weapons sales.” Pugliese was eventually sentenced to prison for 24 months and three years of supervised release for the charge of “interference of commerce by threat or violence.” The federal government dismissed the other counts in his indictment.

ROCK GROUP NY CORP.

Rock Group NY Corp is a subcontractor that primarily operates in the scaffolding business. Rock Group's president is Simranpal Singh and its offices are located at 119 Mount Vernon Avenue Suite 2E in Mount Vernon, NY.

WORKER DEATHS

- Luis Mata was fatally struck on April 21, 2016 by a wooden plank that fell from the 10th floor of 421 Hudson Street during the dismantling of pipe scaffold. Before the incident there were 20 complaints for infractions filed to the DOB, which included failure to safeguard plumbers, illegal appliance hook-ups, and blocking exits. As a result, Rock Group was penalized \$25,000 for its failure to safeguard the site. A year before Mata's death, OSHA had already penalized Rock Group for three serious violations for a total of \$8,400, citing its failure to fully safeguard its scaffolding in violations that ranged from not providing required guardrails to not ensuring proper planking.
- In 2013, Jaime Sillart Jr. died after falling 70 feet from an unprotected area of 19 University Place. DPC New York was issued ten violations by the ECB for a total of \$86,850. DPC New York hired Rock Group to perform construction work at 19 University Place. In its lawsuit over Sillart's death, his estate named Rock Group a defendant for its co-negligence in having a missing guardrail at the construction site. The court-case is ongoing as of April 5, 2018.

SAFETY VIOLATIONS: Threats to Bystanders

- Rock Group built a SoHo sidewalk shed that collapsed in November 2017, trapping two people and injuring four more. Pedestrian Katy Beal-Lafvre's spine was fractured in several places after being struck by long beams and metal sheets and becoming trapped under scaffold debris. Department of Building (DOB) officials found that the collapse could easily have been prevented and that the "inferior shed... lacked the required structural support to withstand winds." Following the incident, the DOB inspected 47 Rock Groups sidewalk sheds to find 73 safety violations, including one immediately hazardous violation.
- Rock Group is a defendant in an ongoing suit by an innocent passerby as of April 5, 2018. Amira Ocean sued after she was struck and injured by a falling piece of plywood at 300 West 135th Street. Rock Group defaulted on the case. Beforehand the site had been fined \$800 by the ECB for failure to protect the public and for maintaining a site in disrepair. A suit was also filed on behalf of infant Savannah Zeis after her mother tripped on a shed maintained by Rock Group and the infant fell on a bolt and screw without a protective cap. This case reached an undisclosed settlement.

SPRING SCAFFOLDING

Spring Scaffolding designs, engineers, installs and rents sectional scaffolding, sidewalk bridges, safety netting, debris chutes and hoists. This firm has a history of dangerous and exploitive work.

WAGE THEFT

Spring Scaffolding LLC settled a Fair Labor Standards Act civil suit with laborers employed by the company between October 2006 and March 2014 for \$560,000. The workers were seeking compensation for unpaid overtime, payments that averaged below minimum wage, and underpayment of wages on prevailing wage jobs. Up to 195 workers were members of the class action.

SAFETY & ACCIDENTS

New York City agencies have cited Spring Scaffolding with numerous safety violations. Between 2012 and June 1, 2018, the Department of Buildings(DOB) have imposed \$129,020 in penalties against Spring Scaffolding for 201 violations. Most of these violations (68) and penalties (\$108,790) were issued by the DOB. The company also has a history of accidents and scaffolding collapses, which endanger workers and the community.

- A DOB inspector issued a Stop Work Order against Spring Scaffolding on October 17, 2016 after a worker erecting pipe scaffold fell twelve feet hitting his head on a concrete baluster and was struck by a falling section of scaffolding.
- Spring Scaffolding was issued an aggravated offense level two violations following the collapse of a sidewalk shed that injured and hospitalized three workers in April 2012.
- In April 2014, a Spring Scaffolding worker fell 18 feet from pipe scaffolding onto the sidewalk shed while building the scaffold. The DOB issued a violation against Spring Scaffolding for failing to provide a walkway during scaffold installation.



366 Broadway following sidewalk shed collapse, TribecaTrib 4/26/2012

TRADE OFF CONSTRUCTION SERVICES (“TRADE OFF”)

Trade Off provides general construction services and labor. Ron Lattanzio, the registrant for Trade Off has a long history in the construction industry in New York.

According to the Village Voice, in the late 1990’s, Lattanzio of A & E Consultants was at “the epicenter of a bribery and bid-rigging ring preying on the city’s buildings department and other agencies.” He pled guilty to charges of bribery and evidence tampering in 1998.

Trade Off hires vulnerable, inexperienced workers, and pays them exploitive wages with few to no benefits. Trade Off employees claim to receive minimal if any training, and report that the contractor invests little in construction equipment or personal protective equipment. Workers also claim that the quality of construction is below the standards of union-built, luxury development.

ATTORNEY GENERAL’S INVESTIGATION

In April 2018, the New York Times reported a preliminary investigation into Trade Off’s wrongdoing has been opened by The New York State Attorney General’s Office.

LOW WAGES & MINIMAL BENEFITS

(Some workers make as little as \$15 per hour)

- Workers report that time is often missing from paychecks, and that the process to reclaim these wages is arduous. At least one worker described a systematic underpayment scheme of habitually shorting hours, in which workers were required to sign into jobsites but were signed out by their foremen in the evening.
- In one case, after being shorted hours, a worker approached his foreman who apologized and paid cash for the missing time.
- Some workers stated that their checks have bounced.
- At least two workers reported that Trade Off failed to pay the federally-required overtime premium for work over forty hours.
- Workers who have insurance say that it is too expensive and provides limited coverage.

TRADE OFF CONSTRUCTION SERVICES (“TRADE OFF”)

THE 401K MYTH

Employees, including those at 55 Hudson Yards, were promised a 401K, but for many workers these benefits long remained nothing more than empty promises. After months of workers requesting information on the 401K plan, Trade Off effectively admitted no plan existed by claiming they were in the process of creating one.

Despite long having claimed the 401k was in place, documents for the first time distributed in October 2017 show the Plan had only recently been established, while

still failing to give workers any information about what, if any benefits, are provided. Contributions to the plan by Trade Off are only discretionary.

The provided plan summary states Trade Off “may from time to time make Profit Sharing contributions to the Plan. Making these contributions is totally discretionary on [their] part, as is the amount should we decide to make them.”

SEXUAL DISCRIMINATION & HARASSMENT

Female construction employees of Trade Off describe a hostile workplace where sexually harassing behavior is routine.

Some of the worst examples of this occurred at 55 Hudson Yards, where a worker claims her supervisor exposed his penis and solicited her for sex on multiple occasions.

Others reported harassment included inappropriate sexually demeaning comments, and cat calling.

TRADE OFF CONSTRUCTION SERVICES (“TRADE OFF”)

ALLEGATIONS OF RACIAL DISCRIMINATION

- African American employees of Trade Off, LLC and Trade Off Plus, LLC have filed charges with the Equal Employment Opportunity Commission and the NY State Division of Human Rights alleging systematic racial discrimination. Their charges were filed on February 27, 2018. The complaints allege that African Americans laborers were disproportionately segregated into Trade Off, while their other coworkers were generally assigned to work for Trade Off Plus which provides higher wages and some benefits.
- In his complaint with the EEOC, one African American employee likened his experience to “a system reminiscent of apartheid.” Employees at Trade Off received a starting hourly wage of \$15/hour, while Trade Off Plus employees received a starting hourly wage of \$20/hour, as well as some fringe benefits such as a 401k contribution.
- Related frequently makes use on its jobs of labor supplied by Trade Off Plus, the entity from which African American workers have allegedly been excluded.
- When one African American employee was briefly assigned to a Trade Off Plus jobsite, he reports that he was not paid the enhanced wage. In addition, the charges allege that Trade Off Construction was generally more likely to terminate African American employees and less likely to promote and maintain them as foremen.
- Separate from the charges, an African American employee who worked for Trade Off Plus has claimed that he and other African American coworkers were discriminated against in receiving overtime while working at 261 Hudson Street, a site not only developed by Related, but permitted to its affiliated construction firm, Roy Anderson. According to this employee, African American workers at 261 Hudson Street would be among the last selected for overtime and received significantly less of it. The same worker claimed other African American workers who spoke out against the discrimination were either fired or moved to other Trade Off sites with lower rates of pay.

TRADE OFF CONSTRUCTION SERVICES (“TRADE OFF”)

UNSAFE WORKING CONDITIONS AND LACK OF TRAINING

“I do whatever needs to get done.”

Trade Off employees start without training and work in many specialized fields. Many employees are uncertified but work on the scaffolding at all heights without adequate fall protection and use dangerous machinery without any preparation.

- Trade Off also has reported history of promoting workers to foremen despite limited experience with the company. Because of this practice, supervisors abound on worksites, and lower-level workers sometime deal with conflicting instructions.
- Workers report safety issues with hoists on Trade Off projects. One Trade Off employee reported that the hoist had come open multiple times on his project. At 68 Charlton the hoist doors could not be properly secured, creating the chance of the door accidentally opening while the hoist was in use or elevated. At a project near 23rd Street and Broadway, the hoist showered debris onto the street, breaking car and shop windows. An employee had warned Trade Off supervisors that the hoist was not properly operating before the accident.
- Workers are not required to use harnesses on scaffolding or hoists, and are often not given the opportunity to put harnesses on when asked to go up on scaffolding.
- A worker received conflicting directions from supervisors on whether he should use a ladder that he felt was unsafe. On another occasion, the same Trade Off employee worked on a ledge, nine-stories up only tied-off to a stud.
- When workers speak up about safety they report that they are usually sent home for a few days without pay.
- Many job sites lack adequate bathroom facilities and workers urinate in bottles and defecate in bags. This waste was left in the walls or piled about around jobsites. One worker reported being fired after refusing to collect biological waste left around the jobsite.
- Drugs and alcohol use on Trade Off projects is a problem. In one case a worker witnessed another Trade Off employee smoking marijuana and then later in the day dropping a hammer off the building onto a truck. Another worker reports that the deputy foreman at 55 Hudson Yards was regularly intoxicated on the jobsite.
- Trade Off employees also encountered safety issues with power equipment at 55 Hudson Yards that could have been easily resolved to improve worker safety. One employee reported having to use a chipping gun with no safety guard. Another worker reported being forced to use a dull saws-all, increasing the risk of sparks and skipping blades.
- At 55 Hudson Yards Trade Off workers were directed to work at the edge of the 44th floor with no harness. Workers were told to unhook the safety net at the edge of the building and to reach out with hand held dust pans to sweep debris inside.

TRADE OFF CONSTRUCTION SERVICES (“TRADE OFF”)

INCONSISTENT OR LACK OF PROTECTIVE EQUIPMENT

Trade Off equipment is often not appropriate for the work and provides minimal protection

- Workers must make masks and goggles last beyond specifications.
- Trade Off machinery appears outdated, with frayed electrical wires.
- The scaffolding on Trade Off sites often shakes, and workers report that it can be difficult for employees to find things as simple as a broom.

QUESTIONABLE CONSTRUCTION QUALITY

Trade Off employees are strong workers, but they have little confidence in the final product. As one Trade Off worker put it: “I do not know a lot about construction, but it often appeared that Trade Off was taking a lot of short cuts.”

TIME AND MATERIAL THEFT ON SITES

- One worker reports that company principals on more than one occasion directed him to work slowly.
- Workers at 1 Wall Street have stolen copper wire.

TRADE OFF CONSTRUCTION SERVICES (“TRADE OFF”)

WORKERS’ RIGHTS TO ORGANIZE

- Between April 2017 and April 5, 2018 at least eight charges against Trade Off and Trade Off Plus have been filed at the National Labor Relations Board (NLRB). The charges allege a variety of infringements on employees’ rights, including surveilling and interrogating employees, changing employees’ terms and conditions of work, and discharging employees based on their organizing activities. All but one investigation is ongoing. The NLRB General Counsel advised they will be issuing a complaint about the lawsuit.
- In May 2017 Trade Off filed charges against Laborers’ Local 79, which were dismissed by the NLRB, which found the allegations to be “without merit.”

OSHA VIOLATIONS AT RELATED COMPANIES’ PROJECT

- On August 2, 2017, after an inspection of Related Companies’ 264 West Street, OSHA issued 4 serious violations against Trade Off totaling \$18,018. The violations were for duty to have fall protection, training requirements and stairway standards, including missing guardrails on the unprotected edges of stairway landings.