



# METALLIC LATHERS & REINFORCING IRONWORKERS UNION LOCAL 46

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## **Unions File Multi-Million Dollar Racketeering Lawsuit Against Major Developers Who Conspired to Cheat Workers Out of Wages And Benefits; Suit Signals Unions' Stepped Up Efforts to Prosecute Companies That Violate Collective Bargaining Agreements**

Today, leaders and members of the [Metallic Lathers Union Local 46](#) and the Mason Tenders District Council, Laborers Union of North America gathered to announce the filing of a multimillion dollar racketeering lawsuit against major NYC developers for illegally conspiring to bilk union construction workers out of millions of dollars in wages and benefits. If found guilty, the defendants, Lalezarian Developers, JMH Development and the principals of HRH Construction, will be forced to pay out **more than \$21 million** under the federal Racketeer Influenced Corrupt Organization (RICO) Act. The suit was filed in Federal Court in Westchester.

The unions announced the lawsuit in front of “**The House That RICO Built**,” a new residential building at 350 West 37<sup>th</sup> St where union construction workers were cheated out of millions in wages and benefits.

According to **Robert Ledwith, Business Manager of Local 46**, “Today NYC unions are sending a strong message to the real estate industry that we are stepping up our efforts to monitor and prosecute illegal behavior that harms working people.” Ledwith added, “We think that this case is merely the tip of the iceberg. We know this kind of illegal activity is widespread throughout our industry.”

According to the suit, from 2007 through 2011 NYC builders Lalezarian Developers and JMH Development conspired with unionized construction manager HRH Construction to knowingly violate the company’s collective bargaining agreements and illegally perform millions of dollars of construction work under the guise of a phony non-union alter-ego firm named Leviathan Construction Management. The projects identified in this suit are:

- The Townsend at 350 West 37<sup>th</sup> St, built by Lalezarian Developers;
- Brooklyn Gold at 235 Gold St in Brooklyn, built by Lalezarian Developers; and
- 184 Kent Ave in Brooklyn, built by JMH Development.

As a result of this conspiracy, the developers along with HRH’s principals, cheated workers out of more than seven million in wages and benefits that should have been paid to union members and their funds under HRH’s collective bargaining agreements. If found guilty under federal racketeering law, these developers will be forced to pay triple damages which could total more than \$21 million.

Local 46 discovered this ruse while investigating the ongoing bankruptcy of HRH construction. The union uncovered specific documents and communications between the various developers and HRH which demonstrate the ongoing conspiracy to perform HRH's work under the phony alter ego Leviathan, to illegally transfer money from HRH to Leviathan and to defraud union members out of millions in wages and benefits.

"It's very clear that HRH joined with these developers to fraudulently avoid the obligations of the collective bargaining agreements it signed," said **Tom Kennedy, partner in the law firm Kennedy, Jennik and Murray**, who is bringing the case on behalf of the unions. "The dummy corporation, Leviathan, is owned and controlled by the same family, the Singers, who own HRH, and Brad Singer, the CEO of HRH, even admitted this under oath. It's a particularly shameful ploy at a time of great economic turmoil and hardship for American workers," he added. At the press conference, the unions were joined by supporters, including **Councilmember Steven Levin**, whose district includes JMH's 184 Kent Avenue. "Developers like Lalezarian and JMH need to respect the rights of working people," said Councilmember Steve Levin. "I am standing with Local 46, the Mason Tenders and all NYC unions to confront this kind of illegal behavior," he added.

The suit explains the carefully plotted "Singer Criminal Enterprise," including transfers of money to the dummy Leviathan Construction Management, the signing of phony agreements, and how the family retained ownership and control of the shell corporation. A chart detailing the conspiracy and the "Singer Criminal Enterprise" was unveiled at the press conference. (The same chart is available for download at [Local 46's website](#).)

This isn't the first time the Singer family has been involved in questionable activity. In 2007, an arbitration panel ordered HRH to pay the MTA \$6.5 million for overbilling the agency for no show jobs on a major construction project. Gary Singer, who is named in this suit, was sentenced to two years in prison in 1994 for fraud, money laundering and racketeering related to a junk bond insider trading scheme. As a result, Mr. Singer has been barred from being involved with any publicly traded company.

"After helping to investigate this case, we are sure that this kind of activity is happening throughout the industry," said **Mike Locker, President of Locker Associates**, a consulting firm that specializes in corporate and industry analysis for unions. "This lawsuit is just the beginning of a more aggressive campaign to weed out this kind of corruption and to ensure that workers get the pay and benefits they deserve," he added.

Local 46 and other building trades unions are pursuing all avenues available to protect their wages, benefits and market share and to challenge the growing threat of non-union work in the NYC construction industry.

Copies of the lawsuit, a factsheet about the case, and charts detailing the conspiracy are available at Local 46's website at <http://www.ml46.org/>.

