

## **A.G. Schneiderman and Port Authority Inspector General Nestor Announce Arrest of JFK Contractor Charged With Cheating Construction Workers Out of Benefit Payments**

*Arbor Concrete Corp. And Its Principal Kenneth Padover Allegedly Failed To Pay \$268,055.78 In Benefits To Workers For A Construction Project At JFK Airport*

*Schneiderman: Government Contractors Who Fail To Pay The Legally Required Wages Or Benefits Must Be Held Accountable*

NEW YORK – Attorney General Eric T. Schneiderman and Michael Nestor, the Inspector General for the Port Authority of New York and New Jersey (“Port Authority”), announced the arrest of Kenneth Padover, the owner of Arbor Concrete Corp. Padover and his company face 136 felony counts of Offering a False Instrument for Filing and Falsifying Business Records and 3 misdemeanor counts of Failure to Pay Wages. Mr. Padover was arrested early this morning outside of his Dix Hills residence and is expected to be arraigned today at Queens County Criminal Courthouse. A felony complaint was filed today in court. Arbor Concrete Corp. and its principal Kenneth Padover allegedly failed to pay \$268,055.78 in benefits to workers for a construction project at JFK Airport

“My Office will not sit idly by when New York workers are cheated out of their health benefits, vacation pay and potential pension income,” **said Attorney General Schneiderman.** “Government contractors who fail to pay the legally required wages or benefits must be held accountable and my office will continue to prosecute employers who do not pay workers everything they are lawfully owed.”

**Port Authority Inspector General Michael Nestor said,** “Firms doing business with the Port Authority of New York & New Jersey (PA) are legally bound to pay their employees the required prevailing wages and benefits. Here, however, the defendant allegedly chose to enrich himself at the expense of his own workers. This arrest will serve notice to all contractors that the PA will not tolerate wage fraud or any other criminal misconduct on public projects. The PA Office of Inspector General and its Law Enforcement partners will aggressively identify, investigate and bring to justice those who corrupt the integrity of the construction industry.”

According to the Felony Complaint filed by the Office of the Attorney General, Arbor Concrete Corp.’s employees worked at the Delta Airlines Terminal at John F. Kennedy Airport between June of 2013 and October of 2014 on a project installing security bollards to aid in the control of the direction of road traffic at the airport. Security bollards seek to prevent cars and trucks from getting too close to passenger terminals.

The project was governed by the Davis-Bacon Law, which requires the payment of “prevailing wages,” as well as “supplements” such as insurance, pension contributions, or other benefits, or their cash equivalent,

to employees performing federally funded construction projects. The Port Authority contract also required payment of prevailing wages as a condition of the contract. Prevailing wage laws seek to ensure that government contractors pay wages that are comparable to the local norms for a given trade.

The defendants were required to submit certified payroll records with the Port Authority, in part, to demonstrate that they had paid the required prevailing wages and benefits as a condition to being paid for work completed. The complaint alleges that while the defendants filed certified payroll records in order to secure money to cover their billings, the supplemental benefits were never paid.

Specifically, Mr. Padover is accused of filing 68 certified payroll records with the general contractor and with the Port Authority indicating that over the 16-month life of the project, Arbor Concrete Corp. was routinely paying the required supplemental benefits to the union welfare funds for Laborers Local 66 and Carpenters Local 290, which represented the employees on the project. Investigators for the Port Authority Inspectors General's Office, who are charged with insuring compliance with state and federal laws, conducted an investigation and determined that the certified payroll records on file were allegedly false in that Padover and Arbor Concrete Corp. allegedly failed to pay the \$268,055.78 in required benefits as sworn in its certified payroll records.

All charges are accusations, and the defendants are presumed innocent unless and until proven guilty in a court of law.

The Port Authority Inspector General's investigation was conducted by Supervisory Police Investigator Robert Ward of the PA OIG, under the supervision of Steven Pasichow, Director of Investigations, Salvatore Dalessandro, Assistant Director of Investigations and Jeffrey Schaffler, Police Investigative Manager.

Attorney General investigators working on the case were Melissa Kaplan, Brian Metz, and Supervising Investigators Luis Carter, as well as Deputy Chief Investigator John McManus. The Attorney General's Investigations Division is led by Chief Investigator Dominic Zarrella.

The criminal case is being prosecuted by Assistant Attorney Richard Balletta, the Attorney General Labor Bureau's Criminal Section Chief, with the assistance of Stephanie Swenton, the Deputy Bureau Chief of the Criminal Enforcement and Financial Crimes Bureau. The Labor Bureau Chief is Terri Gerstein. The Executive Deputy Attorney General for Social Justice is Alvin Bragg and Kelly Donovan is the Executive Deputy Attorney General for Criminal Justice.