



U.S. Department of Justice

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FOR IMMEDIATE RELEASE

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PRESS RELEASE

**PRESIDENT OF NAVILLUS CONTRACTING CHARGED WITH
DEFRAUDING UNION BENEFITS FUNDS**

***Donal O'Sullivan and Two High-Ranking Company Employees Allegedly Schemed
To Cheat Union Benefits Funds Out of Required Contributions***

An 11-count indictment was unsealed earlier today in federal court in Brooklyn charging Donal O'Sullivan, his sister Helen O'Sullivan and Padraig Naughton with wire fraud, mail fraud, embezzlement from employee benefit funds, submission of false remittance reports to union benefit funds and conspiracy to commit those crimes. The indictment relates to the defendants' conduct at Navillus Tile, Inc. d/b/a Navillus Contracting ("Navillus"), one of the largest construction firms in New York City. Donal O'Sullivan is the founder, owner and President of Navillus. Helen O'Sullivan is the Treasurer of Navillus and Padraig Naughton is the company's Financial Controller. The defendants were arrested this morning and arraigned this afternoon before United States Magistrate Judge Robert M. Levy. Donal O'Sullivan was released on a \$500,000 bond; Helen O'Sullivan and Naughton were each released on \$250,000 bonds.

Seth D. DuCharme, Acting United States Attorney for the Eastern District of New York; William F. Sweeney, Jr., Assistant Director-in-Charge, Federal Bureau of Investigation, New York Field Office (FBI); Thomas Licetti, Acting Regional Director, U.S. Department of Labor, Employee Benefits Security Administration (DOL-EBSA); Michael C. Mikulka, Special Agent-in-Charge, U.S. Department of Labor, Office of Inspector General, New York Region (DOL-OIG); Peter C. Fitzhugh, Special Agent-in-Charge, Homeland Security Investigations, New York (HSI); and Michael Farbiarz, Acting Inspector General, Port Authority of New York and New Jersey, Office of the Inspector General (PANYNJ-OIG), announced the arrests and indictment.

Navillus is a signatory to multiple collective bargaining agreements with labor organizations – including the Bricklayers and Allied Craft Workers Local No. 1, the New York City District Council of Carpenters, the Cement Masons Union, the Pointers, Cleaners and Caulkers, and the International Brotherhood of Teamsters Local 282 – that required the company

to employ union workers on its projects and to make contributions to various union benefits including pension, annuity and welfare funds on their behalf. To ensure that the benefits funds received the contributions that it had agreed to pay, Navillus was required to periodically file remittance reports with the benefits funds that detailed the number of hours worked by each worker.

As alleged in the indictment, the defendants engaged in a payroll scheme from approximately 2011 to 2017 to avoid making those contributions by using a consulting firm to pay certain Navillus workers for work done on Navillus construction jobs. However, neither Navillus nor the consulting firm made contributions to the benefits funds on behalf of those workers. To disguise the scheme, the defendants directed the consulting firm to issue fraudulent invoices to conceal the fact that funds paid by Navillus to the consulting firm were, in fact, for wages paid to Navillus workers. As a result, the defendants caused Navillus to avoid making over \$1 million in required contributions to union benefits funds.

“As alleged, these senior construction company executives were the architects of a payroll scheme designed to evade obligatory contributions to union benefits funds that their workers depend upon,” stated Acting United States Attorney DuCharme. “This Office, together with its federal and local law enforcement partners, will continue to investigate and hold accountable employers whose corrupt actions jeopardize their employees’ economic well-being.” Mr. DuCharme expressed his grateful appreciation to the New York City Police Department for its assistance with the case.

“As alleged, the defendants deprived union workers of benefits to which they were entitled, falsifying records and creatively circumventing their fiscal responsibilities,” stated FBI Assistant Director-in-Charge Sweeney. “This type of crime depletes the benefits union employees have a right to access. Today’s arrests highlight this illegal scheme and reassert our dedication to rooting out crimes of this nature.”

“Embezzling and underfunding employee benefits funds cheat workers, retirees, and their families of the benefits to which they are entitled and are against the law. The U.S. Department of Labor’s Employee Benefits Security Administration will continue to work with our law enforcement partners to investigate and take action to counter illegal activity that threatens employees’ hard-earned benefits,” stated DOL-EBSA Acting Regional Director Thomas Licetti.

“An important mission of the Office of Inspector General is to investigate allegations of fraud relating to labor unions and their affiliated employee benefit plans. We will continue to work with our law enforcement partners to investigate these types of allegations,” stated DOL-OIG Special Agent-in-Charge Mikulka.

“The alleged scheme perpetrated by the president of Navillus Contracting cheated union benefits funds of more than a million dollars,” stated HSI Special Agent-in-Charge Fitzhugh. “HSI’s collaboration with federal, state and local partners allows for comprehensive investigations and arresting those fraudsters who look to fill their pockets at the expense of others.”

“The Port Authority Office of Inspector General initiated this investigation, and the message today’s indictment sends is crystal clear: the Port Authority has zero tolerance for fraud by its business partners, and we will work aggressively to ensure that individuals who engage in fraudulent conduct — including contractors’ senior executives, where appropriate — are held personally accountable under the criminal law,” stated PANYNJ Acting Inspector General Farbiarz.

The charges in the indictment are allegations, and the defendants are presumed innocent unless and until proven guilty.

The government’s case is being handled by the Office’s Public Integrity Section. Assistant United States Attorneys Martin Coffey and Turner Buford are in charge of the prosecution.

The Defendants:

DONAL O’SULLIVAN

Age: 59

Queens, New York

HELEN O’SULLIVAN

Age: 60

Queens, New York

PADRAIG NAUGHTON

Age: 48

New York, New York

E.D.N.Y. Docket No. 20-CR-272 (WFK)