



UNITED STATES ATTORNEY'S OFFICE
Southern District of New York

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**BROOKLYN MAN CHARGED WITH DEMANDING AND RECEIVING
KICKBACKS ON FEDERALLY FUNDED CONSTRUCTION CONTRACT**

Geoffrey S. Berman, the United States Attorney for the Southern District of New York, and Peter Nozka, the Acting Special Agent-in-Charge of the New York Regional Office of the U.S. Department of Labor, Office of Inspector General ("DOL-OIG"), announced today that ERRON STRACHAN, a former foreman on a federally funded residential housing construction project in Harlem, was arrested this morning and charged in Manhattan federal court with soliciting and receiving kickbacks from workers on the project. STRACHAN was arrested this morning and will be presented this afternoon in Manhattan federal court.

U.S. Attorney Geoffrey S. Berman said: "As alleged, a foreman on a federally funded construction project abused his position by demanding kickbacks from workers who were legally entitled to a prevailing wage. Allegedly, when workers spoke up, he fired them. Together with our partners at the Department of Labor, Office of Inspector General, we will pursue those who deliberately and criminally take advantage of hard-working New Yorkers."

DOL-OIG Acting Special Agent-in-Charge Peter Nozka said: "An important mission of the Office of Inspector General is to investigate allegations regarding employees being forced to kickback portions of their wages. We will continue to work with our law enforcement partners to investigate these types of allegations."

According to the allegations contained in the Complaint¹ unsealed today in Manhattan federal court and publicly available documents:

¹ As the introductory phrase signifies, the entirety of the text of the Complaint and the description of the Complaint set forth below constitutes only allegations, and every fact described should be treated as an allegation.

From at least November 2014 to December 2015, ERRON STRACHAN was a foreman for a construction company (“Contractor-1”) that provided construction services at the Randolph Houses, a public housing project located in the Harlem neighborhood of Manhattan (the “Construction Project”). STRACHAN’s responsibilities on the Construction Project included supervising the workers on site, hiring and firing employees, and disbursing checks to workers. Because the Construction Project received funding from the U.S. Department of Housing and Urban Development, pursuant to the Davis-Bacon and Related Acts, Contractor-1 was required to pay its laborers a prevailing wage.

STRACHAN demanded and received kickbacks from numerous employees of Contractor-1 who worked on the Construction Project, thus denying these employees the prevailing wage to which they were entitled. STRACHAN would instruct employees to negotiate their paychecks and then return with cash, sometimes up to almost a third of an employee’s weekly paycheck, for himself. STRACHAN brazenly attempted to justify the kickback requests to employees by suggesting that the prevailing wage salary was “too much” money and falsely stating that he provided the kickbacks to Contractor-1 in order to offset the financial burden on Contractor-1 of having to pay prevailing wages on the Construction Project. When workers refused to pay kickbacks, STRACHAN reduced their work schedules and fired them.

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STRACHAN, 53, of Brooklyn, New York, is charged with one count of violating the Copeland Anti-Kickback Act, which carries a maximum penalty of five years in prison.

The maximum potential sentence in this case is prescribed by Congress and is provided here for informational purposes only, as any sentencing of the defendant will be determined by a judge.

Mr. Berman praised the investigative work of the DOL-OIG and the Special Agents of the United States Attorney’s Office for the Southern District of New York.

The case is being prosecuted by the Office’s Public Corruption Unit. Assistant U.S. Attorney Eli J. Mark is in charge of the prosecution.

The charges contained in the Complaint are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

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