



U.S. Department of Justice

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FOR IMMEDIATE RELEASE

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PRESS RELEASE

**SCHOOL CONSTRUCTION AUTHORITY GENERAL CONTRACTOR AND HIS
EMPLOYEES CONVICTED OF MULTIPLE CRIMES FOR PARTICIPATING IN
LONG-RUNNING SCHEME TO DEPRIVE WORKERS OF THE PREVAILING WAGE**

Earlier today, following four weeks of trial, a federal jury in Brooklyn, New York, returned a guilty verdict against Muzaffar Nadeem, the owner of SM&B Construction Co., Inc. (SM&B), and co-defendants Zainul Syed, Afzaal Chaudry, and Irfan Muzaffar for their participation in a scheme to pay SM&B's workers a fraction of the prevailing wage on projects funded by the New York City School Construction Authority (SCA), as SM&B was legally and contractually required to do. Specifically, Nadeem was convicted on charges of mail and wire fraud, structuring financial transactions, federal programs bribery, making illegal cash payments to a union official, money laundering, unlawful monetary transactions over \$10,000, subscribing to false tax returns, and multiple related conspiracy charges. Syed, Chaudry, and Muzaffar were convicted of various crimes for their participation in the scheme. When sentenced by United States District Judge Brian M. Cogan, Nadeem, Syed, and Chaudry face sentences of up to 20 years in prison, and Muzaffar faces a sentence of up to five years in prison.

The verdicts were announced by Kelly T. Currie, Acting United States Attorney for the Eastern District of New York; Shantelle P. Kitchen, Special-Agent-in-Charge, Internal Revenue Service, Criminal Investigation, New York; and Special Agent-in-Charge Cheryl Garcia, New York Regional Office of the U.S. Department of Labor, Office of Inspector General, Office of Labor Racketeering and Fraud Investigations.

"The message to those who win and perform public works contracts in New York City and New York State is loud and clear – if you want to reap the benefits that come from being awarded those contracts, you will be held to following the rules," stated Acting United States Attorney Currie. "You must pay your workers the wages to which they are entitled, rather than rig the system with bribes and then scheme to hide your income from the government. Those who do not follow the rules will be vigorously prosecuted."

Mr. Currie expressed his grateful appreciation to the Office of the New York State Attorney General and that office's Organized Crime Task Force, the New York City Department of Investigation, the New York City School Construction Authority, Office of Inspector General, the New York City Police Department, and the New York County District Attorney's Office for their assistance in the investigation and prosecution of the defendants.

Nadeem owned and operated SM&B, which received over \$36 million in fraud-induced payments from the SCA since 2007. Chaudry and Syed worked as a foreman and office manager, respectively, at SM&B. Muzaffar is Nadeem's son, and also worked in SM&B's office.

Both New York State Labor Law and the terms of its contracts with the SCA required SM&B to pay workers on SCA-funded projects a prevailing wage rate, which was set by the New York City Comptroller. Instead, SM&B paid workers, including bricklayers and laborers, cash wages on its projects at rates that were a small fraction of the prevailing wage. Nadeem, Chaudry, and Syed then falsely certified to the SCA that the workers had been paid the prevailing wage, thereby committing mail fraud, wire fraud, and conspiracy to commit those crimes.

To conceal the charged fraud scheme, and to obtain cash to pay the illegally low wages to workers, Nadeem, Syed, and Muzaffar engaged in illegal structuring, cashing multiple checks, each for less than \$10,000 on a single day, for a total amount of more than \$10,000, in an effort to avoid the required filing of Currency Transaction Reports (CTRs). Since July 2006, Nadeem and others acting his direction wrote more than \$4.1 million in structured checks on SM&B's account.

Nadeem and Syed also arranged for the payment of \$30,000 in cash bribes to an undercover SCA Inspector, and over \$7,000 in cash bribes to a shop steward for the Local 1 Bricklayers Union, Russell Argila. Argila has previously pleaded guilty to accepting those bribes. Nadeem also laundered approximately \$7 million in proceeds of the charged fraud scheme by funneling it through shell companies and sent millions of dollars through these shell companies to Pakistan to invest in an amusement park and resort complex named "Wayzgoose Park."

Finally, Nadeem filed false tax returns for SM&B and himself that fraudulently inflated SM&B's business expenses and reduced its profits by more than \$4 million.

At sentencing, the defendants also face forfeiture of substantial assets and cash.

The government's case is being prosecuted by the Office's Public Integrity Section. Assistant United States Attorneys Lan Nguyen, Gina M. Parlovecchio, and Nathan Reilly are in charge of the prosecution. Assistant United States Attorney Claire Kedeshian is handling the forfeiture aspects of the case.

The Defendants:

MUZAFFAR NADEEM

Age: 59

Brooklyn, New York

ZAINUL SYED

Age: 40

Brooklyn, New York

AFZAAL CHAUDRY

Age: 48

Brooklyn, New York

IRFAN MUZAFFAR

Age: 31

Brooklyn, New York

E.D.N.Y. Docket No. 13-CR-424 (BMC)