

More HA Bad News: Contractor Charged With Cheating Crews

By DAVID SIMS | Posted: Monday, December 16, 2013 5:15 pm

A contractor picked by the Housing Authority to renovate almost 900 units around the city has been charged with violating Federal labor laws and underpaying its workers, with the U.S. Department of Labor seeking to ban it from bidding on projects for three years.

The Daily News reported that MDG Design & Construction was accused of violating wage and labor laws by the Department of Labor after working on a \$60-million Federal housing project on the Lower East Side.

Workers Sue Alleging Ripoff

A group of workers on that project have filed a class-action lawsuit saying they were entitled to wages of up to \$50 an hour but were paid as little as \$50 a day, in cash and off the books, and were told to hide from Department of Labor inspectors.

The Department of Housing Preservation and Development has also chosen MDG to work on a project in Williamsburg, but the HA contract will be larger, covering housing units in Manhattan, The Bronx and Brooklyn.

Both contracts are still under review and have not been finalized.

“MDG has zero tolerance for labor law violations,” MDG founding principal Michael Rooney said in a statement. “There is no allegation that MDG was aware of, condoned, or participated in the violations of its subcontractors. MDG is confident that there will be no findings...that MDG engaged in any misconduct.”

Nonetheless, the Department of Labor has moved to bar MDG from obtaining Federal contracts until after 2016. The Grand Street project in question took place from 2010 to 2011, and some \$1.5 million has been restored to workers through a company compliance program, according to Mr. Rooney.