

Firm, 2 officers cited for underpaying crew

By Bill Ott
Staff Writer

An Escondido company and two of its officers yesterday were accused of paying undocumented aliens below the prevailing wage scale for landscaping and irrigation work on an \$18 million, federally backed low-cost housing project in San Diego.

The charges are contained in a federal grand jury indictment returned against Irriscape Construction Inc. of Escondido; Robert Henking Smith, 29, the firm's president and chief operating officer, and Karl Lance Scott, 45, also known as Kip Scott of El Cajon, a foreman.

U.S. Attorney Peter K. Nunez said Irriscape Construction was hired to install landscaping and irrigation equipment by PBMC Inc., the prime contractor at the Mariner's Cove apartment project at West Point Loma and Nimitz boulevards in the Point Loma area. The prime contractor is not the target of the charges.

The indictment against the Escondido firm and its two officers carries charges of conspiracy to defraud the federal government, making false statements on payroll certifications and obstruction of inspectors from the Department of Housing and Urban Development.

Assistant U.S. Attorney Judith F. Hayes, who presented evidence to the grand jury, said all subcontractors were required to pay predetermined prevailing wages because the \$18 million loan to the developer, Lincoln Property Associates, was guaranteed by the Department of Housing and Urban Development.

The indictment alleges that Irriscape Construction hired aliens to work on the project at less than prevailing wages. It also is alleged that some of the laborers were required to work 50 hours a week for 40 hours' pay. In addition, some workers purportedly had to agree to wait as long as two months for their pay after

completing their work. Hayes said employees who complained were threatened with dismissal.

The indictment alleges that Irriscape submitted false statements to the federal government, certifying that workers had been paid prevailing wages. The two officers of Irriscape are accused of obstructing HUD by ordering underpaid workers to leave the job site when government inspectors arrived.

Nunez said the indictment is the result of a five-month investigation by the inspector general's office of HUD, the Department of Labor and the FBI.

He said Irriscape's subcontract was for about \$500,000. While it is difficult to pin down the exact savings the company realized by underpaying workers, the amount has been estimated at \$50,000 to \$70,000, Nunez said.

He added that Irriscape was able to underbid com-

petitors for the contract by wrongly cutting labor costs.

The investigation began after receipt of complaints about workers being underpaid in violation of federal labor policies, Nunez said. Some time ago, two carpenters complained that they had been paid from \$5 to \$15 below the federally guaranteed \$20.99 hourly rate they were supposed to be paid. That complaint was directed against a subcontractor from Hemet, who eventually paid \$20,000 in back wages owed to workers.

Nunez said investigators could not determine an exact number of undocumented aliens involved in charges against Irriscape because of turnover in the work force. He said some U.S. citizens also were involved in allegations of being underpaid. Nunez said work on the housing project began in December 1982 and is now virtually complete.

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