

Homes/Financial

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Alan Samson, left, and Mark Staroberg in front of the apartments they and others helped build, but didn't get fully paid for.

Subcontractors hit with charges

By Richard Spaulding

ONE SUBCONTRACTOR ON A city-federal apartment project here has been indicted for payroll irregularities and at least one other has been the subject of a five-month long federal investigation.

A federal grand jury handed down last month a 15-count indictment against Irricape Construction Inc. of Escondido and two of its officers for paying below the mandated wage, filing false payroll statements and obstructing inspectors from the Department of Housing and Urban Development.

Irricape, the landscape and irrigation contractor on the 300-unit Mariner's Cove apartment project on West Point Lane, Escondido, is also accused of hiring illegal aliens and making some of them agree to work as long as five months for their pay.

Another subcontractor on the project, Rainbow Construction Co. of Norco, has been under federal investigation since December. The company, which installed doors and cabinets at Mariner's Cove, has been accused by former employees of filing false payroll statements, harassing psychics and, finally, not paying them at all for work done.

Assistant U.S. Attorney Judith Hayes, who is directing the investigation here for HUD, declined to say whether the charges against Rainbow Construction or its owner, Henry Beck of Norco, have been presented to the federal grand jury.

Beck was unavailable for comment. Alan Samson, a carpenter, is one of some former employees of Rainbow Construction that have filed nearly 500,000 in claims with HUD against the company for wages not paid last November and December.

Samson, whose claims total \$1,155, also said he had been told by HUD officials three months ago that the general contractor on Mariner's Cove,

FBMC Inc. of Foster City, had agreed to honor all claims against Rainbow at full value, but wants HUD to indemnify it from any further claims. Samson said HUD has refused, tying up back wages badly needed by the former workers.

The point is crucial, Samson said, because several workers feel they lost at least another \$10,000 each in wages by not being able to finish the third and last phase of the project, having been forced to quit because they weren't being paid.

Samson also said that more is involved than just back and lost wages. Under federal law, he said, the employees are also due substantial penalty payments.

To that end, Samson said, he has filed a \$240,000 wage and penalty claim against FBMC's construction loan. And that claim, he added, does not include Rainbow's liabilities under state law. Together, he said, it *Please see SPARKLING, C-1*

Guide offered for buyer, refiner

By Kenneth R. Harney

Despite mass confusion in the mortgage marketplace this spring about what makes economic sense — and what's desirable — for home buyers and refiners, it's possible to come up with solid guidelines that should work for you.

Here are some savvy pieces of advice, distilled from conversations last week with a panel of four top national mortgage-market executives.

● Look hard for three-year adjustable loans in the coming 30 days that carry rates under 12 percent and come with prepayment or rate "caps." They are the poster child of this spring, like they pushed discount-adjustables last year. A 12.25 percent, fixed-rate loan — with no built-in balloon or balloon attached — could give you peace of mind, no matter where rates go in 1985.

● Modest income, first-time purchasers should put in phone calls to their local or state housing agencies to check on plans for possible start-ups of cut-rate, tax-exempt, home-buyer bond programs. Congress should be through with tax legislation in June that restructures single-family housing bonds. That, in turn, could mean a new wave of cut-rate home loans in the 10 percent range. *Please see HARNEY, C-1*

Garden's snow has Aussie roots

By Allison Voss

California is supposed to have weather to suit everyone all year-round. Theoretically, on a single weekend you could go surfing, camping in the desert or skiing.

Finding snow in summer, however, is something a little different. Usually you can see it on San Geronimo and San Jacinto mountains, and at Quail Botanical Gardens. But if you are coming to Quail, don't bring your skis.

No sking down the hillside there.

Metaleuca linariifolia, or Snow-in-Summer, is one of more than 100 species of the genus *Metaleuca* that are native, with a few exceptions, to Australia. Quail has six species of *Metaleuca* in their collection.

The genus name comes from the Greek "metala," meaning black, and "leuca," meaning white, and refers to the black and white trim of *M. linariifolia*.

Metaleuca are evergreen shrubs or trees with narrow, leathery, sometimes needlelike, leaves. The stiffest flowers occur in heads or cylindrical spikes. Colors range from white through purple, with a vivid chartreuse thrown in. All species are attractive to nectar feeders.

Some *Metaleuca* are called bottle-brushes because of the shape of the flower heads, although the name is more commonly given to Callistemon (a related genus, also from Australia) after blooming they form decorative, woody seed capsules around the twigs and branches.

Metaleuca are excellent landscape materials for a dryish, Mediterranean-type climate. *Please see GARDEN, C-1*

Inside Homes

Some new books offer a variety of subjects pertinent to people who live in compact spaces. **PAGE C-7**

There are a lot of happenings going on in the San Diego real-estate scene. Check it out. **PAGE C-8**

"Transactors" in Japan keep pace with U.S. in computer-age real-estate practices. **PAGE C-10**

Subcontractors hit with charges

By Richard Spaulding
Tribune Real Estate Editor

ONE SUBCONTRACTOR ON A city-federal apartment project here has been indicted for payroll irregularities, and at least one other has been the subject of a five-month long federal investigation.

A federal grand jury handed down last month a 12-count indictment against Irriscape Construction Inc. of Escondido and two of its officers for paying below the mandated wage, filing false payroll statements and obstructing inspectors from the Department of Housing and Urban Development.

Irriscape, the landscape and irrigation contractor on the 800-unit Mariner's Cove apartment project on West Point Loma Boulevard, is also accused of hiring illegal aliens and making some of them agree to wait as long as two months for their pay.

Another subcontractor on the project, Rainbow Construction Co. of Nuevo, has been under federal investigation since December. The company, which installed doors and cabinets at Mariner's Cove, has been accused by former employees of filing false payroll statements, bouncing paychecks and, finally, not paying them at all for work done.

Assistant U.S. Attorney Judith Hayes, who is directing the investigation here for HUD, declined to say whether the charges against Rainbow Construction or its owner, Henry Rock of Hemet, have been presented to the federal grand jury.

Rock was unavailable for comment.

Alan Samson, a carpenter, is one of nine former employees of Rainbow Construction that have filed nearly \$80,000 in claims with HUD against the company for wages not paid last November and December.

Samson, whose claim totals \$11,535, also said he had been told by HUD officials three months ago that the general contractor on Mariner's Cove,

PBMC Inc. of Foster City, had agreed to honor all claims against Rainbow at full value, but wants HUD to indemnify it from any further claims. Samson said HUD has refused, tying up back wages badly needed by the former workers.

The point is crucial, Samson said, because several workers feel they lost at least another \$10,000 each in wages by not being able to finish the third and last phase of the project, having been forced to quit because they weren't being paid.

Samson also said that more is involved than just back and lost wages. Under federal law, he said, the employees are also due substantial penalty payments.

To that end, Samson said, he has filed a \$948,000 wage and penalty claim against PBMC's construction loan. And that claim, he added, does not include Rainbow's liabilities under state law. Together, he said, it

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★Spaulding

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could run into "big bucks." Mariner's Cove seemed like the perfect project, a marriage of city-leased land, federally backed financing and private development and management providing 500 badly needed apartment units, many for low- and middle-income families. It is located at the northeast corner of West Point Loma and Nimitz boulevards.

The general contractor on the project was PBMC of Foster City, a unit of Lincoln Property Co.

Financing for the project was provided by a Security Pacific National Bank loan of \$18.3 million with a low interest rate underwritten by the federal Department of Housing & Development (HUD).

Construction, which began last July, has been completed, and most of the units are occupied.

The problem is that Rain-

of 1983. Like most of the others, he finally quit Dec. 16. Johnston, 33, said he was "paid under the table" at \$5 an hour for his first week. The payment was by check, he said, and no withholding or taxes were taken out.

In his second week, Johnston said, Rock said he would have to take taxes out of his paycheck and to compensate would give Johnston a \$5 raise.

It wasn't until three weeks later that Johnston learned the prevailing wage for carpentry was federally mandated \$20.99 an hour because it was a HUD job.

When he approached Rock, Johnston said he was told, "Sure, I'll pay it (the \$20.99) this week, but I can't use you next week."

"In other words," Johnston said, "I was fired." So Johnston said he continued to work for the lower wage.

The last good paycheck he got from Rock, Johnston

Rock always had an excuse, Specht said. Once it was because of a flat tire. Another time Rock said his barn burned down and all his records were lost. "He even showed us the newspaper clipping," Specht said.

The only reason he and the others stayed despite not being paid, Specht said, was because it was a HUD project and they believed their pay was guaranteed.

So far, Specht said, "my bank has been real mellow with me" and his landlord has been "super good."

The episode with Rock has been tough for Bill McColl, 42, who is married with two children. He has filed a 1981 claim with the state's Department of Labor Standards Enforcement for bounced paychecks and a \$3,380 claim with HUD for wages not paid. He worked for Rock from early September until Thanksgiving and was hired at the full wage of \$20.99 an hour.

'Rock would give us a check, but it wouldn't be any good. He would pay us on Friday and then ask us to hang on to it until Tuesday or Wednesday. But every time it rolled around, there wasn't any money anyway'

bow and owner Rock underbid the project badly, according to Mark Unterberg, one of the unpaid carpenters.

Unterberg said he was told by Rock that the job was bid on a piece-price basis, guessing it would cost a certain amount for each carpenter to put in each door. Under the federal Davis-Bacon Act, HUD has required a \$20.99 hourly wage for carpenters.

Unterberg said Rock set quotas that required many overtime hours, but then told him to only turn in a weekly 40-hour time card at \$20.99 an hour. If he didn't like the arrangement, Unterberg said, he was told he would be fired.

Other carpenters who have worked at Mariner's Cove have suffered the same fate. All are deeply in debt because they worked for Rainbow Construction Co. and believed in Rainbow's owner.

Don Johnston's story is typical of those who started to work for Rock in the fall

said, was for the final week of October. After that, he said, "Rock would give us a check, but it wouldn't be any good. He would pay us on Friday and then ask us to hang on to it until Tuesday or Wednesday. But every time it rolled around, there wasn't any money anyway."

"This was my first job for Henry and quite probably it'll be my last for Henry," Johnston said.

Karl Specht, 27, who said he started at \$12.50 a hour Sept. 8 and also quit Dec. 16, claims he is owed \$6,540 for work done on Mariner's Cove in November and December. He said when he found out about the HUD requirement of \$20.99 an hour he went to Rock and was told an increase in wage would mean an increase in production, but that any overtime wouldn't be paid.

"Things started going bad after Thanksgiving," Specht said. "It was always next week, next week, next week. Things were getting pretty shaky."

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