

'Industrywide Problem'

Contractor Fined \$10,000 Over Falsified Records

By BILL BURRIS

SAN DIEGO DAILY TRANSCRIPT Staff Writer

Irriscape Construction Inc. of Escondido has been fined \$10,000 and its president, Robert H. Smith, ordered to perform 200 hours of volunteer work for the City of Escondido for falsification of employee work records.

Smith had pleaded guilty to two counts of employee payroll records falsification, one as an individual and one as head of the corporation, in conjunction with the firm's role as a subcontractor on the 500-unit Mariner's Cove apartments project at West Point Loma and Nimitz Boulevards in San Diego.

He was sentenced by U.S. District Court Judge William B. Enright on Monday after plea bargaining in which other charges had been dismissed by the government.

The indictment in the case against Smith; Karl "Kip" Scott, the company's foreman on the project; and Irriscape Construction included charges of conspiracy to defraud the government, making false statements on payroll certificates and obstruction of inspectors from the U.S. Department of Housing and Urban Development during their investigation.

Scott has entered a guilty plea to one count of submission of false reports to the government and is to be sentenced Oct. 1.

Because the Mariner's Cove project is for low-income residents and is partially funded by federal funds through the Department of Housing and Urban Development, contractors and subcontractors on the project are required to pay prevailing wages to their employees.

Irriscape Construction Inc., which had a subcontract for installation of landscaping and irrigation equipment on the project, is one of several local firms that have been under investigation for alleged submission of false payroll reports to HUD

Judy Hayes, assistant U.S. attorney prosecuting the case, yesterday said the investigation has shown some employees on the project had been paid prevailing wages, some had been paid for 40 hours when they had worked significantly longer and some illegal aliens had been paid \$5 per hour.

She said Irriscape Construction, because of cash flow problems, had made some payroll payments to its employees a month late — after a "draw" on the contract had been received.

Miss Hayes declined comment on the on-going investigation or testimony that has been reported given to the federal grand jury in the case.

"Failing to pay prevailing wages on government-contract jobs is an industrywide problem," she said. "Our investigation is not on this one contract, but on several."

Miss Hayes said the investigation indicates some contractors on government-funded jobs bid low, assuming that they can cut wage costs by not paying prevailing wages after they win the contract. "That provides an unfair advantage over firms who prepare their estimate with prevailing-wage figures," she said.

Alan J. Samson, a former carpenter on the Mariner's Cove project for Rainbow Construction Co., said that firm had been paying some of its carpenters \$5 to \$10 per hour when the prevailing wage is \$20.99. Many of the checks issued also "bounced" because of insufficient funds, he said.

Samson said his complaints about the practice to the company resulted in his being paid prevailing wage for the hours he had worked — and in his being terminated from his job.

His complaints to HUD and San Diego area congressmen about violations of the Davis-Bacon Act on wages and other matters since last December are believed to have helped stimulate the government's investigation of the project — and of other government-funded construction projects in San Diego County.

Before Rep. Duncan Hunter and other officials began expressing an interest in complaints filed by employees on the Mariner's Cove project, the complaints received little attention.

"This will acknowledge that you filed one of the 3,535 claims presented to the San Diego office of the Labor Commissioner in 1983," James H. Curry, regional manager for the Division of Labor Standards Enforcement, wrote Samson last February.

"The three line deputies in this office are devoting all of the time and attention possible to your claim and others," his letter said. "A hearing will be scheduled before our one hearing officer as soon as possible."

Samson's inquiries to HUD and Congressman Hunter have raised questions on whether PBMC Inc. of Foster City, which has been low bidder on many HUD-financed construction projects, and related partnerships and affiliates have been intentionally underbidding on projects — with the intent of failing to pay prevailing wages as required by the Davis-Bacon Act.

Congressional "authorization sheets" filed with Hunter's office by employees on the Mariner's Cove project indicate they were given "quotas" which required excessive overtime to complete, there were lengthy delays before they were paid with non-sufficient-funds checks and that they were terminated when they inquired about prevailing wage requirements.