

Department of Justice
U.S. Attorney's Office
Southern District of New York

FOR IMMEDIATE RELEASE

Wednesday, September 21, 2022

President Of Queens-Based Construction Company Charged With Fraud In Connection With Homeless Shelter Contracts Worth \$12 Million

Four Other Employees of Construction Company Also Charged in Connection with Years-Long Fraud and Money Laundering Scheme

Damian Williams, the United States Attorney for the Southern District of New York, Jonathan Mellone, Special Agent-in-Charge of the New York Region of the United States Department of Labor Office of Inspector General (“DOL-OIG”), and Jocelyn Strauber, the Commissioner of the New York City Department of Investigation (“NYC-DOI”), announced today the arrest of LIAQUAT CHEEMA and ALI CHEEMA on charges of wire fraud conspiracy, aggravated identity theft, and money laundering conspiracy for their role in a scheme to defraud New York City (the “City”) in connection with public contracts to perform general contracting work at City homeless shelters. Three other participants in the money laundering scheme, IRFAN BAJWA, SHOUKET CHUDHARY, a/k/a “Muhammad Shakoor Chudary,” a/k/a “Mohammad Shakoor Chudary,” and KHIZAR HAYAT were also arrested for their role in using bank accounts to receive proceeds of the fraud scheme and conducting financial transactions to conceal, among other things, the illegal source of the funds. In addition, LIAQUAT CHEEMA, BAJWA, CHUDHARY, and HAYAT were each charged in a separate scheme to fraudulently obtain tens of thousands of dollars-worth of Medicaid benefits. The defendants were arrested this morning in East Elmhurst and New Hyde Park, New York, and will be presented today before a magistrate judge in the Southern District of New York.

U.S. Attorney Damian Williams said: “The defendants entered into public contracts so that they could provide vital maintenance to homeless shelters to aid New York City’s most vulnerable residents; however, instead of honoring these contracts, the defendants allegedly concocted multiple schemes to steal public funds. Today’s arrests signal this Office’s continued commitment to combat any and all fraud and money laundering schemes.”

Special Agent-in-Charge Jonathan Mellone said: “An important mission of the U.S. Department of Labor Office of Inspector General is to investigate allegations of certain illicit and fraudulent employment practices. We will continue to work with our law enforcement partners to investigate these types of allegations.”

NYC-DOI Commissioner Jocelyn Strauber said: “As alleged, these defendants, contractors who work on New York City homeless shelters, used their contractor status to fraudulently siphon funds from the City. The charged scheme was vast and involved overbilling for material, false claims to prompt the issuance of paychecks to purported workers and the diversion of those paychecks to defendants, and the submission of false certifications that enabled defendants to wrongfully obtain Medicaid benefits. DOI thanks the City Department of

Social Services for initially referring allegations of fraud to DOI and the United States Attorney's Office for the Southern District of New York and the U.S. Department of Labor Office of the Inspector General for their partnership on this investigation.”

As alleged in the Complaint unsealed today in Manhattan federal court:[\[1\]](#)

LIAQUAT CHEEMA and ALI CHEEMA were the President and, at least as of in or about 2015, the Vice President, respectively, of AFL Construction Co. Inc. (“AFL”), located in Queens, New York. AFL entered into public contracts with the City worth approximately \$12 million to perform general contracting work at homeless shelters located in the City, including in the Southern District of New York. Pursuant to the contracts, AFL would perform, among other things, general maintenance, landscaping, roofing, and snow removal at shelter sites.

From at least in or about 2014 through at least in or about 2018, LIAQUAT CHEEMA and ALI CHEEMA used the contracts to fraudulently enrich themselves and steal from the City. In furtherance of the scheme, LIAQUAT CHEEMA and ALI CHEEMA, among other things, submitted fraudulent invoices and other documentation in support of requests for payment on the contracts, which falsely claimed that certain workers had performed work on certain projects and falsely inflated amounts paid by the defendants for materials purportedly used on such projects. These fraudulent invoices and supporting documentation contained, without authorization, the identities of other persons, including the names, and in at least one case, the social security number, of purported workers who in fact had not worked on the projects specified in the requests for payment submitted by LIAQUAT CHEEMA and ALI CHEEMA. To date, AFL has been paid at least \$8 million for work purportedly performed pursuant to these contracts.

In addition, during the same period, LIAQUAT CHEEMA and ALI CHEEMA, as well as IRFAN BAJWA, SHOUKET CHUDHARY, and KHIZAR HAYAT used several bank accounts to receive the proceeds of the fraudulent scheme and conducted financial transactions to conceal, among other things, the illegal source of the funds. Those transactions included transfers of illicit proceeds into the defendants’ personal and business bank accounts via fraudulent checks in order to conceal the scheme. For example, certain of the defendants caused AFL to issue hundreds of checks to purported workers fraudulently listed in documentation submitted to the City in support of payment on the contracts but never delivered those checks to the purported workers; instead, the defendants deposited the checks into their own personal and business bank accounts.

LIAQUAT CHEEMA, IRFAN BAJWA, SHOUKET CHUDHARY, and KHIZAR HAYAT also fraudulently obtained tens of thousands of dollars-worth of Medicaid benefits by repeatedly submitting fraudulent certifications, which underreported their actual incomes and accordingly enabled them to obtain Medicaid benefits for which they were not eligible. In support of requests for Medicaid benefits, LIAQUAT CHEEMA, BAJWA, CHUDHARY, and HAYAT repeatedly submitted nearly identical employment letters, which, among other misrepresentations, contained the name and purported signature of a purported “Project Manager” who, in fact, was deceased.

* * *

LIAQUAT CHEEMA, 62, of East Elmhurst, New York, is charged with one count of wire fraud conspiracy, which carries a maximum potential sentence of 20 years in prison; one count of money laundering conspiracy, which carries a maximum potential sentence of 20 years in prison; one count of health care fraud conspiracy, which carries a maximum potential sentence of 10 years in prison; and two counts of aggravated identity theft, each of which carry a mandatory sentence of two years in prison.

ALI CHEEMA, 31, of East Elmhurst, New York, is charged with one count of wire fraud conspiracy, which carries a maximum potential sentence of 20 years in prison; one count of money laundering conspiracy, which carries a maximum potential sentence of 20 years in prison; and one count of aggravated identity theft, which carries a mandatory sentence of two years in prison.

IRFAN BAJWA, 42, of New Hyde Park, New York, SHOUKET CHUDHARY, 64, of East Elmhurst, New York, and KHIZAR HAYAT, 46, of East Elmhurst, New York, are each charged with one count of money laundering conspiracy, which carries a maximum potential sentence of 20 years in prison; one count of health care fraud conspiracy, which carries a maximum potential sentence of 10 years in prison; and one count of aggravated identity theft, which carries a mandatory sentence of two years in prison.

The maximum potential penalties are prescribed by Congress and are provided here for informational purposes only, as any sentencing of the defendants will be determined by the judge.

Mr. Williams praised the outstanding investigative work of DOL-OIG and NYC-DOJ.

This case is being handled by the Office's Complex Frauds and Cybercrime Unit. Assistant U.S. Attorney Timothy V. Capozzi is in charge of the prosecution.

The allegations contained in the Complaint are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

[1] As the introductory phrase signifies, the entirety of the text of the Complaint constitutes only allegations, and every fact described herein should be treated as an allegation.

Attachment(s):

[Download u.s. v. cheema et al complaint.pdf](#)

Topic(s):

Financial Fraud

Component(s):

[USAO - New York, Southern](#)

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