

Department of Justice
U.S. Attorney's Office
Eastern District of Pennsylvania

FOR IMMEDIATE RELEASE

Tuesday, March 2, 2021

Subcontractor Agrees to Pay the United States \$500k+ in Damages After Failing to Pay Prevailing Wages on VA Construction Projects

PHILADELPHIA – Acting United States Attorney Jennifer Arbittier Williams announced that S.A. Taylor, LLC (“S.A. Taylor”) has agreed to settle claims under the False Claims Act and to pay \$561,411.72 based on allegations that the company caused the submission of falsified payroll records as part of two United States Department of Veterans Affairs (the “VA”) construction projects.

S.A. Taylor, a Virginia-based construction company, bid on and was awarded subcontracts to work on two VA construction projects under prime contractor, CTA, I, LLC. Because the construction work was performed for the federal government, all contractors and subcontractors were required, by law, to pay their workers prevailing wages. At the time, the prevailing wage was between \$57 to \$91.50 per hour, depending on the worker’s classification.

The government contends that S.A. Taylor paid its workers significantly less than the prevailing wage, but that it submitted falsified payroll records to make it seem as if the prevailing wage had been paid. CTA, unaware of the falsity, submitted the payroll to the VA which, in turn, reimbursed S.A. Taylor. Under this scheme, S.A. Taylor pocketed the difference while its workers were shorted wages they were legally due. CTA discovered the falsity during a subsequent arbitration when S.A. Taylor produced two sets of payroll records—one showing the prevailing wages which should have been paid and one showing the actual, lower wages which had actually been paid.

“The underlying False Claims Act lawsuit alleges that S.A. Taylor deliberately exploited its own workers despite a federal law guaranteeing those workers a prevailing wage,” said Acting U.S. Attorney Williams. “Today’s settlement reflects the reality that individuals and entities that exploit workers will be held accountable by the government.”

“Today’s civil settlement reflects the VA OIG’s commitment to maintaining the integrity of VA’s construction contracts and ensuring full compliance with the law,” said Christopher Algieri, Special Agent in Charge of the VA Office of Inspector General’s Northeast Field Office. “We thank the U.S. Attorney’s Office and our law enforcement partners for their vital role in achieving this investigation’s successful outcome.”

“This case is a great example of the OIG’s work with its law enforcement partners to actively investigate fraud involving federal contracts. We will continue to work with our law enforcement partners to protect the integrity of DOL programs and to ensure workers are paid proper wages for the work they perform,” said Acting Special Agent-in-Charge, Jonathan Mellone, Philadelphia Region, U.S. Department of Labor, Office of Inspector General.

This settlement resolved a lawsuit filed under the False Claims Act in the U.S. District Court for the Eastern District of Pennsylvania captioned *United States ex rel. CTA, I, LLC v. S.A. Taylor, LLC and Scott Taylor*, Civil Action No. 16-2919. Under the *qui tam* or whistleblower provisions of the False Claims Act, lawsuits like this one may be brought on behalf of the United States and the relator, here CTA, shares in any recovery by the government. The False Claims Act also permits the government to

intervene and take over the lawsuit, as it did in this case. The relator was represented in this case by John Manfredonia of Manfredonia Law Offices, LLC and Joseph F. Bouvier of Mattioni, LTD. “We thank the relator and the relator’s counsel for bringing this issue to the government’s attention. Detecting fraud in government contracting is much easier when we have the cooperation of prime contractors like CTA” said Williams. The whistleblower in this case, CTA, will receive \$101,054.11 as its share of the recovery.

This matter was investigated by the United States Department of Veterans Affairs Office of the Inspector General and the United States Department of Labor Office of the Inspector General. For the U.S. Attorney’s Office, the investigation and settlement were handled by Assistant U.S. Attorney Veronica J. Finkelstein, Auditor Dawn Wiggins, and Investigator Jeffrey R. Braun.

The claims resolved by this settlement are allegations only and there has been no determination of liability.

Topic(s):
False Claims Act

Component(s):
[USAO - Pennsylvania, Eastern](#)

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