

# Manhattan district attorney charges individuals, companies with \$9.6 million construction industry fraud

By **Mark Buckshon** - April 7, 2017



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Manhattan District Attorney **Cyrus R. Vance, Jr.**, announced on April 5 the indictments of three corporations and four individuals for collectively defrauding at least 40 subcontracting companies out of approximately \$9.6 million by failing to pay the companies for work completed on 34 projects in Manhattan. The defendants are charged in New York State Supreme Court indictments with Grand Larceny and Scheme to Defraud, among other charges.

“This type of fraud is harmful to the entire New York City construction industry,” Vance said in a statement. “It forces the small businesses that complete multi-million dollar projects they do not get paid for to lay off employees or even declare bankruptcy. It also burdens the property owners with additional costs, and weakens the credibility of honest contracting companies. These indictments come less than a year after two other defendants were sentenced to state prison for similar conduct. Let these cases serve as a warning to any individual or corporation engaged in this type of fraudulent behavior – withholding payment from subcontractors is a crime and it will be prosecuted by my Office.”

### **Artisan Construction**

According to the indictment and statements made on the record in court, **Artisan Construction** was a mid-sized general contracting company specializing in interior construction and renovations of commercial and residential properties with offices at 65 West 57th St. in Manhattan. Artisan was owned by **James Galvin**, 45, who also served as the president; **Garret Branagh**, 44, was the company’s chief financial officer. Artisan had 10 to 20 full-time employees but relied on subcontractors to perform the work on various construction projects.

Between Dec. 1, 2013 and Jan. 25, 2017, the attorney general alleges that the defendants defrauded at least 17 subcontracting companies – which were hired to perform work on nine Artisan projects in Manhattan – out of \$2.9 million by failing to pay the subcontractors for completed work. The projects included: 1411 Broadway; 780 3rd Ave.; 250 West 57th St.; 350 5th Ave.; 727 7th Ave.; 65 East 55th St.; 5 Bryant Park; 717 5th Ave.; and 1095 Avenue of the Americas. In many instances, the subcontractors and property owners contacted Galvin and Branagh and admissions were made by both of the defendants about the lack of payment.

In addition to failing to pay subcontractors for their work, the defendants are also charged with forging documents and creating false business records in order to induce one of the property owners to continue making payments to the company.

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James Galvin, 45, and Garret Branagh, 44, allegedly failed to pay \$2.9 million to the assigned companies.

In court, Galvin pleaded not guilty and was released on bail.

### **McGovern & Company**

According to the indictment and statements made on the record in court, **McGovern & Company** was a mid-sized general contracting company specializing in interior construction and renovations of commercial and residential properties with offices at 286 Madison Ave. in Manhattan. **Daniel McGovern**, 53, served as the company's sole owner and president. The company had between 15 and 20 full-time employees, but relied on subcontractors to perform the work on various construction projects.

Between Nov. 14, 2013 and Feb. 22, 2017, the district attorney asserts that the defendant and his company defrauded at least 16 subcontracting companies – which were hired to perform work on 20 McGovern projects in Manhattan – out of \$5.7 million by failing to pay the subcontractors for completed work. The projects included: 10 East 53rd St.; 122 East 42nd St.; 885 3rd Ave.; and 292 Madison Ave.. In many instances, the subcontractors and property owners contacted Daniel McGovern and he made admissions about the lack of payment, the district attorney's press release says.

McGovern closed during the summer of 2016.

McGovern has also pleaded not guilty and has been released on bail, according to a report in the New York Daily News.

### **IBEX Construction Company**

According to the indictment and statements made on the record in court, IBEX Construction Company is a mid-sized general contracting company specializing in interior construction and renovations of commercial and residential properties with offices at One Whitehall St. in Manhattan. **Andras Frankl**, 68, serves as the company's sole owner and president. IBEX has between 20 and 30 full-time employees, but relies on subcontracts to perform the work on construction projects.

**The New York Daily News** reported prosecutors said that Frankl couldn't be arrested because he checked himself into rehab and privacy laws bar facilities from confirming his whereabouts

"He is in fact in some sort of rehab facility. He has been made aware that there's an indictment," Assistant District Attorney Christopher Beard told Justice Roger Hayes in Manhattan Supreme Court.

Between Jan. 2013 and March 2017, the district attorney says the defendant and his company defrauded at least eight subcontracting companies – which were hired to perform work on six IBEX projects in Manhattan – out of more than \$1 million by failing to pay the subcontractors for completed work. The projects included: 27 West 44th St.; 204 East 43rd

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Last year in a separate and unrelated case, **Anthony and Jamie Rotondaro** were sentenced to state prison for stealing funds from clients and subcontractors.

Assistant District attorney Christopher Beard, senior supervising attorney, is handling the prosecution of the cases, under the supervision of Assistant District Attorney Judy Salwen, principal deputy chief of the Rackets Bureau, Assistant District Attorney Michael Ohm, deputy chief of the Rackets Bureau, Assistant District Attorney Jodie Kane, chief of the Rackets Bureau, and Executive Assistant District Attorney Michael Sachs, chief of the investigation division. Principal financial investigator Michael Kelly and trial preparation assistant Kyle Tramonte assisted with the investigation.

District Attorney Vance thanked the New York State Police, specifically, superintendent George P. Beach II and Major Robert C. Gregory, Detail Commander, Special Investigations Unit.

#### Mark Buckshon

Mark Buckshon has published regional construction news publications in Canada and the U.S. since 1989. Earlier, he worked as a journalist and sub-editor, including a stint on the Bulawayo Chronicle in 1979-80, during the transition from Rhodesia to Zimbabwe. He has lived in Ottawa, Canada since 1981.



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