

June 16, 2010

Hon. Joel I. Klein  
Chancellor  
New York City Public Schools  
Department of Education  
52 Chambers Street, Room 314  
New York, NY 10007

Re: Kostas "Gus" Andrikopoulos  
Hara Electric Corporation  
Vector Electric, Inc.  
SCI Case # 2008-2124

Dear Chancellor Klein:

An investigation conducted by this office has substantiated that Kostas Andrikopoulos, owner of Hara Electric Corporation ("Hara") billed the Department of Education ("DOE") more than one million dollars by submitting "Contractor's Application for Payment" documents containing fraudulent invoices for materials along with falsified payrolls from Hara and its subcontractor, Vector Electric, Inc. ("Vector"). Specifically, the investigation uncovered that Andrikopoulos submitted certified payrolls listing individuals whom he maintained completed electrical jobs for the DOE when in fact, these individuals were not electricians and never worked in the schools. The investigation further uncovered that, with respect to the electricians who did work in the schools, Andrikopoulos falsely reported hundreds of hours of work that the electricians did not perform or sometimes "double-billed" for their services. In addition, although the certified payroll reports Andrikopoulos signed and submitted to the DOE recorded that each employee was paid the required prevailing wage rates, investigators learned that the employees were paid far below the rates documented on these reports.<sup>1</sup>

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<sup>1</sup> During the course of investigating the original complaint, investigators became aware of prevailing wage violations committed by Andrikopoulos. The focus of this investigation, however, was not prevailing wage violations.

### The Origin of the Investigation

This investigation began in May 2008, when Volkert Braren, the Division of School Facilities (“DSF”) Director of Contract Management, contacted the Office of the Special Commissioner of Investigation (“SCI”) and reported allegations of misconduct and vendor irregularities against contractor Hara and its subcontractor Vector. Braren complained that Hara and Vector were billing the DSF for “phantom workers.” Specifically, the DSF was being billed for work purportedly completed by five or six workers, when only two or three workers actually performed the work.<sup>2</sup>

Investigators spoke with Braren who related that Rajesh Shah, the Head of Quality Assurance for the DSF, had informed him that, after reviewing a school job that was contracted to Hara, an inspector went to the location to verify that the number of workers and dates worked that Hara submitted on its paperwork were accurate.<sup>3</sup> Braren explained that the inspector reported numerous instances in which Hara or Vector employees had not signed into the school security log as required.<sup>4</sup> Braren added that it appeared that Hara was “padding” the labor portion of its final bill to the DOE.

In an interview with investigators, Shah stated that, when he was examining the final bill submitted by Hara, known as the “Contractor’s Application for Payment,” he reviewed the quantity of work recorded along with the total cost of the job and immediately became suspicious. According to the “Contractor’s Application for Payment” that Hara had submitted for the work it completed at PS 29 in the Bronx, the total amount due was \$89,009.16. However, Shah believed that the bill should have “come in at around \$45,000.00.”<sup>5</sup>

Shah told investigators that he sent Quality Assurance Electrical Inspector Joseph Luo to the school to inspect the completed job. Luo reported that there were holes left exposed where conduit piping had been run into the ceiling or floors in certain areas, which was a fire hazard.<sup>6</sup> Luo also reviewed the school’s security logs and discovered that there were numerous dates when the names of the employees recorded on certified payroll reports submitted by Hara and Vector were not found on the school’s security logs.<sup>7</sup> According to Luo, the vendor’s contract required that the contractor and his work

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<sup>2</sup> The school job that gave rise to this investigation was located at PS 29 in the Bronx. The work was performed in March and April of 2008.

<sup>3</sup> Shah’s current title at the DSF is “Section Chief Capital Projects.” He has held this position for the past year.

<sup>4</sup> According to the DSF Requirements Contract, all contractors and subcontractors were required to sign in at the security desk as well as log in with the custodian each work day.

<sup>5</sup> The DOE has withheld payment to Hara on this contract.

<sup>6</sup> Luo provided Shah with photographs of the exposed areas of concern in the building.

<sup>7</sup> This contract that Hara submitted contained certified payroll reports from Hara and its subcontractor, Vector.

force sign into the school's log as a way of verifying that the employees worked in the building as well as documenting the hours worked.

Shah explained to investigators that he had not processed Hara's application for payment because he could not verify that the employees listed on the certified payroll reports submitted by Hara and its subcontractor, Vector, had actually worked at the school. Moreover, Shah concluded that the work at the school was incomplete as evidenced by the exposed piping that should have been patched up with cement. Shah stated that he notified Braren about the situation.

In a subsequent interview, Shah provided additional relevant information. Shah presented to investigators a copy of the "Requirements Contract for Electrical Installations." This contract was known as a "time and materials contract" explaining the rates, regulations, and procedures Hara was required to follow when performing DOE jobs.<sup>8</sup> Shah explained that Hara, as an electrical contractor hired to perform electrical work in the schools, could only bill the DOE for licensed electricians. When investigators asked Shah whether the electricians on a site also completed painting work at the schools, Shah responded that any painting was "basically touch-up" work.<sup>9</sup> Shah further noted that "regular clean-up" was part of the vendor's contract.<sup>10</sup> During the interview, Shah also provided SCI investigators with the prevailing wage schedule that the vendor was required to use to pay his employees.<sup>11</sup>

Each of the payroll reports completed by Hara and Vector contained a certification at the bottom of the document. The payroll reports listing the hours of Hara employees were signed by "Kostas Andrikopoulos." The payroll reports completed for Vector employees were signed by "Alejandro Ramirez."<sup>12</sup> SCI investigators learned that, on the first page of every "Contractor's Application for Payment" submitted to the DOE, there was a certification signed by Andrikopoulos attesting to the truthfulness of the

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<sup>8</sup> The contract documented that the regular rate per hour for an electrician (maintenance and repair) was \$65.00 per hour. The overtime rate was \$88.00 per hour. There was also a 20% "mark up over actual invoice price for material and parts" that was allowed.

<sup>9</sup> According to Shah, the electricians typically perform the "touch-up" work required because it was so minimal. Shah added that, for jobs requiring significant painting, the DOE would hire painting vendors who would be subjected to the rates, regulations, and procedures governing their painting contract.

<sup>10</sup> As outlined in the "Requirements Contract for Electrical Installations," each contractor was responsible for cleaning up dirt resulting from the work as well as removing any rubbish.

<sup>11</sup> Shah provided the schedule for the time period from July 1, 2009 through June 30, 2010. Investigators also obtained the prevailing wage schedule for the time periods covering July 1, 2006 through June 30, 2009.

<sup>12</sup> Above Andrikopolous's and Ramirez's signatures, was a certification as follows: "I hereby certify that the above information represents wage and supplemental benefits paid to all persons employed by my firm for construction work upon the above project during the period shown. I understand that the Agency relies upon the information as being complete and accurate in making payments to the undersigned."

material costs, that the work had been performed, and that prevailing wages were paid.<sup>13</sup> According to Shah, if there was no signature accompanying the certification, the contract would not be processed for payment. Shah explained that, by signing the certification, the contractor was confirming that everything he was claiming, such as material and labor costs, was “100% true.”<sup>14</sup> Shah noted that the DOE’s contract was solely with Hara and therefore Hara was ultimately responsible for ensuring that its subcontractor, Vector, was providing accurate and truthful information. Shah added that by signing the certification on each of the “Contractor’s Application for Payment” which Andrikopoulos submitted to the DOE, Andrikopoulos was also attesting to the veracity of any documents completed by his subcontractor.

### Background Information

Hara was established in 1989 and was owned by Andrikopoulos. In late 2005, Elias Batalias, an individual who had known Andrikopoulos for approximately 25 years, paid \$100,000.00 and acquired 50% of the company.<sup>15</sup> Batalias explained that he had worked for EMB Contracting Corporation (“EMB”), a general contracting company that was established in 1983 and was owned by his sister. According to Batalias, EMB had been gradually expanding and, as time progressed, was handling a significant amount of contractual work.<sup>16</sup> Having known Andrikopoulos for many years, Batalias believed that it would be a good opportunity to “partner up” with him, and would prove beneficial to both EMB and Hara. Batalias related that EMB needed an additional electrical contractor

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<sup>13</sup> The contractor’s certification reads as follows: “I, the contractor’s authorized officer, certify that all items, units quantities and prices of work and material shown on this estimate are correct; that all work has been performed and all materials supplied in full accordance with the terms and conditions of the contract with the Department of Education of the City of New York and all authorized changes thereto; that any and all provisions and stipulations of the prevailing wage and minimum wage required by Section 220 and/or 230 of the New York State Labor Law and the Administration Code of THE CITY OF NEW YORK, the Rules and Regulations adopted pursuant thereto, and any and all supplements and amendments to such rules and regulations have been complied with as indicated in the attached Weekly Payroll Reports; that all outstanding claims for labor, materials and equipment for the performance of said contract have been paid in full in accordance with the requirements of said contract, except the outstanding claims listed in the attached sheet, entitled “Certificate of Contractor to the Comptroller,” that this is a true statement of the contract account up to and including the last day of the period covered by this estimate and that no part of the “PAYMENT DUE THIS ESTIMATE” has been received.”

<sup>14</sup> According to Shah, the certification meant that hours recorded were accurate; payroll documents were correct; the employees listed on the payroll documents were electricians and worked the hours recorded; prevailing wages were paid to the employees; and the material costs listed were the actual costs that the contractor incurred.

<sup>15</sup> Batalias stated that he was supposed to be involved in profit sharing at the end of the year and that he received no salary from Hara. Since Batalias had a relationship with a bonding company, he was able to facilitate bonds for Hara to bid on jobs. Batalias also established credit lines. Batalias insisted that he had no other responsibilities with respect to Hara and continued to work solely at EMB Contracting Corporation.

<sup>16</sup> Batalias told investigators that EMB performed a lot of work for the School Construction Authority (“SCA”) but never did any work for the DOE.

to help complete numerous jobs and, as a result, EMB helped Hara acquire additional work to expand Hara's business. Batalias, however, contended that he was not involved in the day-to-day operations at Hara and functioned only as a silent partner. Batalias insisted that he did not know about any wrongdoing committed by Andrikopoulos and, to date, SCI investigators have not found any evidence to the contrary.<sup>17</sup>

Hara's subcontractor, Vector, was founded in 1998 by Andrikopoulos.<sup>18</sup> Alejandro Ramirez ("A. Ramirez"), part owner of Vector, explained that he had known Andrikopoulos since the "early 90's" and had worked for him with prior companies Andrikopoulos owned. In 2005, Andrikopoulos asked A. Ramirez if he wanted to become a partner in Vector and Ramirez paid approximately \$15,000.00 to become part owner.<sup>19</sup> According to Ramirez, 51% of Vector was owned by Andrikopoulos's wife, Nidia, and the remaining 49% was owned by him.<sup>20</sup> A. Ramirez noted that Vector had been subcontracting for Hara on DOE jobs since approximately January 2008, and had obtained most of its subcontracting work from Hara.<sup>21</sup>

#### SCI's Investigation Labor and Payroll

SCI investigators compared the PS 29 security log book with the certified payroll reports submitted by Hara and Vector from March 10, 2008 through April 8, 2008, the time period when work was performed at the school. A review of these documents revealed numerous discrepancies. Investigators discovered that the majority of names on the school security logs were not the names listed on the certified payroll reports. Examining the school security logs revealed that there were only two or three electricians on the site each day. Other employees who signed into the school were not electricians, but instead held positions as "floaters" or "cleaners." Another individual whose name was found several times on the school logs was identified as being a "driver" for Vector. The only names that should have been listed on the payroll reports and presented to the DOE for payment were those of the two or three electricians who actually performed the

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<sup>17</sup> Batalias's name was not found on any of the "Contractor's Application for Payment" paperwork that Hara had submitted to the DOE. Moreover, all of the individuals interviewed by SCI investigators contended that Batalias had no involvement or knowledge about the daily operations at Hara.

<sup>18</sup> A copy of the NYS Department of State ("DOS") Division of Corporations, reflected a DOS filing date for Vector of November 18, 1998.

<sup>19</sup> A. Ramirez insisted, however, that Andrikopoulos "ran the whole show at Vector," and that he was treated "like a worker" who could not make any decisions.

<sup>20</sup> A. Ramirez provided SCI investigators with documents indicating that, on or about December 12, 2007, Vector Electric Inc. was to transfer the shares held by Nidia Andrikopoulos to A. Ramirez, giving Ramirez 100% of the shares of the corporation. In reviewing these materials, it does not appear that all of the necessary forms were signed or that the appropriate documentation was filed for the transfer. A recent check with the NYS DOS Division of Corporations reflects that under the heading "Chairman or Chief Executive Officer" is the name Konstantinos Andrikopoulos.

<sup>21</sup> According to the "Requirement Contract for Electrical Installations," the contractor was required to perform directly and without subcontracting, not less than 51% of the contract.

contracted electrical work at the school. However, the certified payroll reports submitted by Hara and Vector contained up to six names most of the time and up to eight names were documented on several occasions.

Investigators further discovered that, on March 21, 2008, PS 29 was closed because it was Good Friday. As a result, there were no entries into the school's security sign-in log. Nonetheless, payroll reports submitted by Hara and Vector revealed that a total of six employees were recorded as having worked at the school on March 21, 2008, which resulted in billing the DOE the amount of \$2,730.00 for that day alone.

In July 2008, investigators received a telephone call from Braren who indicated that several additional discrepancies involving Hara had been uncovered. Upon returning to the DSF, SCI investigators received a 36-page contractor payroll report spreadsheet that contained a breakdown of the work locations and hours of Hara and Vector employees. The spreadsheet was for the time period from July 2007 through April 2008 and was created using data from certified payroll reports submitted by Hara and Vector. The spreadsheet contained the following employee information: name, dates worked, hours worked, school, and whether employee was billed as working for Hara or Vector. A review of these materials revealed that, on 19 occasions, five employees had been billed as having worked the same seven hour shift at two separate schools on the same date.<sup>22</sup> Moreover, two of the employees who were "double-billed" to the DOE informed investigators that they never worked at either of the schools listed on Hara's payroll reports.<sup>23</sup> Calculating and comparing these "double billing" amounts with the actual hours the employees worked, showed an overbilling to the DOE of the sum of \$3,315.00.<sup>24</sup>

In interviews conducted under oath with SCI investigators, former Hara employee Henry Ahdab provided additional relevant information. Ahdab stated that he had known Andrikopoulos since 1997 and had worked "on and off" for Hara since 2005. Although Ahdab was an electrician and initially worked in the field, most of his time at Hara was spent in the office. Ahdab first started in the office as a purchasing agent, buying and expediting the delivery of materials to the various job sites, and then assumed the role of project manager. In 2006, Ahdab began to prepare proposals for the DOE school jobs which entailed surveying a job, estimating how many days were needed to complete the

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<sup>22</sup> Three of the employees worked for Vector and the remaining two worked for Hara. Internal time sheets maintained at Vector and relied upon to pay the employees documented that these employees had worked, at most, nine hours in one day.

<sup>23</sup> Payroll reports documented that Henry Ahdab and Michael Gatzonis worked at both PS 29 and PS 71. Ahdab told investigators that he never worked at either school. Gatzonis stated that he may have stopped by both schools, but he never worked in either location for seven hours a day.

<sup>24</sup> This amount is based upon a comparison of the payroll reports submitted to the DOE with Vector's own payroll records that detailed the hours and the schools where the employee actually worked. This amount does not reflect the fraudulent billing calculations for Ahdab or Gatzonis because the amounts that the DOE was overbilled for these individuals are included later in this report.

job, how many men per day were necessary, and how much material was required. After finishing each proposal, Ahdab met with Andrikopoulos to review the documents because Andrikopoulos had the “final say.” According to Ahdab, Andrikopoulos would often find that Ahdab’s prices were too low. Ahdab would then either “go up on material or go up on labor” by increasing the estimate for the material costs or “add[ing] one guy here and one guy there.” The proposal was subsequently submitted to the DOE and, if it was accepted, a Proceed Order was generated and the work commenced.

Ahdab continued that, in late 2006, he started doing the billing for Hara which involved compiling the information for the “Time Sheet for Contractor’s Field Work.” According to the DSF Requirements Contract, the “Time Sheet for Contractor’s Field Work” should be provided to the custodian at the end of each work day. The work sheet listed the employee’s name, his arrival and departure time, the total hours worked, and the date. Each day, the custodian was supposed to review the document and sign the certification, thereby attesting that the time sheet was accurate, that the employees were present at the location, and that the work was complete and performed to his satisfaction. Upon reviewing the contracts Andrikopoulos submitted to the DSF for payment, SCI investigators found several “Time Sheet for Contractor’s Field Work” that had not been signed. Investigators also found time sheets that were signed, however, they contained numerous dates on the same form instead of separate forms for each date that the employees worked at the school.<sup>25</sup>

According to Ahdab, Michael Gatzonis, the assistant project manager at Hara, usually informed him about the locations where the employees were working. Ahdab subsequently entered the information into an Excel spreadsheet that he maintained for billing purposes.<sup>26</sup> Ahdab told investigators that either he filled out the “Time Sheet for Contractor’s Field Work” or it was completed by a secretary in the office based upon the information he provided. The employees’ names, along with the hours and the dates worked, were recorded on the time sheets and then transferred to the certified payroll reports. After the payroll reports were completed and the wage rates added, they were presented to Andrikopoulos for his signature.<sup>27</sup> Ahdab admitted that, when necessary,

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<sup>25</sup> In an interview with investigators, Shah acknowledged that even if there were multiple dates on one form and the custodian signed the form, the contract could still be paid. However, if the “field work” time sheet was not signed at all, the inspector reviewing these materials should have been more diligent and the contract should not have been approved for payment.

<sup>26</sup> In an interview with investigators, Gatzonis explained that there was no formal procedure for monitoring the employees and he did not inspect the schools every day, although he regularly asked the employees if everyone worked as scheduled. Gatzonis added that, before a job began, it was known how long the work would take to complete it and who was supposed to be working at the school. Ahdab also told investigators that there were times when he knew where the employees were working.

<sup>27</sup> Both documents were then submitted with the “Contractor’s Application for Payment” to the DSF at the DOE.

names were added to these time sheets to inflate the labor costs and ensure that the final bill corresponded to the amount of money listed on the DOE's Proceed Order.<sup>28</sup>

Ahdab complained to investigators that the billing became too complicated and confusing and that he was putting down names of people whom he did not know and had never met, such as Spyridon Soilemesis and Panagiotis Labrianidis.<sup>29</sup> Ahdab stated that Andrikopoulos instructed him to use the names of these individuals and he provided Ahdab with the ir information. Andrikopoulos also advised Ahdab to put his own name down, although Ahdab worked on DOE school jobs infrequently, usually in an emergency situation. In addition, Andrikopoulos instructed Ahdab to use the names of other employees who worked at Hara, such as Gatzonis and George Vrettos. Neither of those individuals was an electrician, nor did they spend hours or days working in schools as indicated on the certified payroll reports.<sup>30</sup> When asked by SCI investigators what Andrikopoulos told Ahdab to say if he was questioned about this matter, Ahdab responded, "I made a mistake."

Ahdab stated that initially his pay at Hara was about \$25.00 per hour, far below the prevailing wage rate. Although his pay rate per hour gradually increased throughout his employment, Ahdab maintained that he always worked more hours than what was documented on his paycheck.<sup>31</sup> Moreover, it was not until 2007, that he began to receive the prevailing wage rate of approximately \$41.00 per hour.<sup>32</sup> Ahdab noted, however, that the \$41.00 per hour was considered his "salary" for a 40 hour work week. He did not receive any compensation for additional hours he may have worked.<sup>33</sup>

Ahdab revealed to investigators that other Hara employees also were paid far below the prevailing wage rates indicated on the certified payroll reports. Although the

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<sup>28</sup> Ahdab told investigators that if a "name was free, not being used, [he] would plop them in just to make up the total number [of the] labor."

<sup>29</sup> During the interview, Ahdab stated that he "never met this Spyridon guy and [he] never met the Panagiotis guy," and he never saw either of those individuals on any jobs.

<sup>30</sup> When interviewed by SCI investigators, both Gatzonis and Vrettos confirmed that they were not electricians. Gatzonis disclosed to investigators that he would go to a school only briefly to deliver materials or to check the status of a job. Vrettos explained that he was a project manager at Hara and was a salaried employee who worked in the office. Vrettos stated that he only visited a school if a situation arose and it was necessary. Certified payrolls submitted reflected that the DOE was billed 158 hours totaling \$10,797.00 for work that Gatzonis supposedly completed in the schools. Certified payroll reports also showed that the DOE was billed for three days, amounting to the sum of \$1,365.00, for work allegedly performed by Vrettos.

<sup>31</sup> Ahdab told investigators that there was a time period of about five months when Ahdab cashed his paycheck and gave approximately \$180.00 back to Andrikopoulos. Ahdab stated that when he gave Andrikopoulos this money he said, "sir, this is the balance," which meant the difference between what he was supposed to be paid and what he received.

<sup>32</sup> The certified payroll reports reflected a base rate per hour of \$25.80 with a supplemental rate of \$15.50 for a total of \$41.30 per hour.

<sup>33</sup> Ahdab said that he would work 10 hours a day, but only be paid for seven hours a day at the prevailing wage rate.



employees worked a five day work week, they would be documented only for three days on the certified payroll reports. Ahdab explained that the three day prevailing wage pay amounted to the employee's salary for five days, which meant that names constantly had to be substituted on the payroll reports. Ahdab confided that there were times when he told Andrikopoulos, "I have no more names to put," and Andrikopoulos would respond, "switch them around." When asked why the names of the workers in the school security log at PS 29 differed from the names documented on the certified payroll reports, Ahdab admitted that there was a substitution of names. Ahdab acknowledged that only electricians should be documented on the certified payroll reports and added that "nothing was accurate, it [was] just lies and cheats."<sup>34</sup>

During his interviews with SCI investigators, Ahdab was presented with approximately 31 "Contractor's Application for Payment" documents containing certified payroll reports that documented Ahdab as having worked at various schools. These contracts were for the time period from September 2006 through September 2008. A calculation of the hours recorded on the certified payroll reports for work that Ahdab purportedly completed in the schools amounted to 1,028 hours totaling \$68,426.00. Two of the contracts presented to Ahdab revealed that he was listed as having worked at PS 29 and PS 71 for seven hours a day during the same days in March and April of 2008.<sup>35</sup> Certified payroll reports from these two schools reflected that there were eight days at seven hours per day when Hara employee Ahdab was "double-billed" to the DOE.<sup>36</sup> Ahdab reviewed the documents and informed investigators that he never worked at either school. Ahdab insisted that, at most, he and Gatzonis may have visited the schools to check the status of the job or deliver materials. Upon examining the 31 contracts and corresponding payroll reports, Ahdab acknowledged that he had worked about 194 hours which totaled \$14,202.00. Therefore, the DOE was overbilled for employee Ahdab, a total of 834 hours amounting to the sum of \$54,224.00.

### Materials

Throughout the course of this investigation, hundreds of "Contractor's Application for Payment" that Andrikopoulos submitted for work completed from October 2006 through October 2009 were reviewed. Specifically, this investigation focused on the "time and material contracts" in which the DOE was billed separately for

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<sup>34</sup> However, SCI investigators discovered numerous instances when individuals, who were not electricians, were documented on certified payroll reports submitted by both Hara and Vector.

<sup>35</sup> Ahdab stated that if a name was free and not being used, he would put that individual on the payroll to "make up on the total of labor." Ahdab acknowledged, however, that sometimes he was not careful enough.

<sup>36</sup> On these two schools alone, Andrikopoulos fraudulently billed the DOE for employee Ahdab, a total of 203 hours at \$65.00 per hour amounting to the sum of \$13,195.00. SCI investigators discovered, however, that the DOE withheld payments to Hara on these two contracts. The contract for PS 29 was submitted for the amount of \$89,009.16 and the contract for PS 71 was submitted for the amount of \$51,970.44.

labor and for materials.<sup>37</sup> In addition to billing the DOE for the cost of the materials used, a 20% “mark up rate over actual invoice price for material and parts” was allowed. Of the contracts reviewed, there were approximately 125 contracts with material costs documented. Investigators examined these contracts and discovered that Andrikopoulos fraudulently billed the DOE the sum of \$807,652.75 for material costs.<sup>38</sup> This amount was based upon \$673,455.13 that Andrikopoulos claimed he spent for materials coupled with the additional 20% permitted markup equaling \$134,197.62.

SCI investigators discovered that Andrikopoulos falsified his material costs on the “Contractor’s Application for Payment” documents in two ways: he added material not used, and he misrepresented where he purchased his materials. Ahdab disclosed to investigators that Andrikopoulos routinely instructed him to “go up on material” because he did not want him “leaving too much money on the table.” In other words, Ahdab was directed to add material to his invoices to inflate the final bill so that it would be consistent with what had already been approved by the DOE as listed on the Proceed Order.<sup>39</sup>

In addition, although Andrikopoulos submitted certified paperwork indicating that his materials were purchased from Grainger.com, they were actually purchased from a less expensive vendor, Grant Electrical Supplies (“Grant”).<sup>40</sup> Ahdab informed investigators that Hara’s supplier was Grant, an establishment where Ahdab had worked in the past.<sup>41</sup> Ahdab explained that the materials for Hara were bought in bulk from

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<sup>37</sup> The other type of contracts involved an agreed upon set price and there was no separate billing to the DOE for labor or materials. Typically these contracts involved “ballast” work.

<sup>38</sup> This sum was calculated using the material totals from 123 contracts. Two contracts were not included for the following reasons: one contract submitted contained documentation of legitimate material costs that investigators verified; the other contract did not contain any paperwork to indicate who the vendor was that supplied the materials so it was not considered.

<sup>39</sup> During the interview, Ahdab provided an example of how he increased costs. Ahdab explained that, if a contract was for \$20,000.00 and he tried everything he could with the material and labor and was still \$5,000.00 short, Andrikopoulos felt he was “leaving too much on the table,” and would tell him to go higher. As a result, Ahdab would “work the labor numbers” and would “work the material numbers.” For example, if only 300 feet of pipe was used, he would play with the number and go up to 450 feet of conduit. Then he would have to match the wiring with the length of the conduit and increase that number as well.

<sup>40</sup> Investigators learned that not only did Hara have an account with Grant Electrical Supplies, but that it had been buying materials from this establishment for years. Investigators found a Grant Int’l Co. Inc, d/b/a Grant Electrical Supply credit application signed by Andrikopoulos in August 2004. In an interview with investigators, Batalias said that it was his understanding that Hara’s biggest supplier was Grant because of its location and convenience. Batalias further stated that liens had been placed against EMB and Hara as a result of nonpayment for materials and that Batalias had to satisfy the liens so that they could continue to purchase their materials from this establishment.

<sup>41</sup> Ahdab informed investigators that, in 2001, he began working for Andrikopoulos in his prior company, Venus Electric. Ahdab further stated that, prior to working at Venus, he worked as a warehouse manager at Grant Electrical Supplies with his father who knew Andrikopoulos and introduced Ahdab to him. Ahdab added that Andrikopoulos also bought his materials for Venus Electric from Grant.

Grant and stored in a warehouse, however, Grant invoices were not submitted to the DOE.<sup>42</sup> Instead, Andrikopoulos falsely represented that he bought his materials from Grainger.com and submitted documentation to support his fraudulent claims.<sup>43</sup> The contracts that Andrikopoulos presented for payment included pages that were downloaded from Grainger.com with items marked to indicate that they were used for that particular school job. Attached to each contract was an invoice that purportedly documented the supplies used and the cost of the items, based upon the prices listed in the Grainger.com documents. Records from Grainger.com, however, revealed that Andrikopoulos made his first and only purchase from Grainger.com on July 10, 2007 in the amount of \$240.27.<sup>44</sup>

Ahdab disclosed to investigators the process by which the material invoices were created. Ahdab stated that he followed Andrikopoulos's instructions and initially used the "Means" book for pricing of materials. In fact, many of the contracts Andrikopoulos submitted for payment contained pages from the "Means" catalog, which was nothing more than a book that listed prices to be used when bidding on a job.<sup>45</sup> However, when Ahdab was unable to locate certain materials in this book, Andrikopoulos suggested using Grainger.com because they had the highest prices. Gradually it became the "norm" and a template was created for the invoices. For each job, Ahdab either procured the relevant pages from Grainger.com or attached Grainger.com pages that he already had in his possession. Ahdab explained that a binder was created containing pages of materials from Grainger.com and, when applicable, the pages were removed, copies were made, pertinent items were "checked," an invoice was created, and then the documents were submitted with the contracts to the DOE. As a result, Andrikopoulos inflated his material costs by using Grainger.com prices and then added the 20% overhead and profit to the fraudulent invoices he submitted.<sup>46</sup>

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<sup>42</sup> Ahdab told investigators that the entire time he worked at Hara, they used Grant to provide their materials. Ahdab ordered materials from Grant, he sometimes picked up materials from Grant, and he saw Grant invoices billed to Hara. Investigators discovered that out of all the "Contractor's Application for Payment" documents submitted to the DOE by Andrikopoulos, there was only one invoice from Grant Supplies found. This invoice was for two items sold to Hara totaling \$18.88.

<sup>43</sup> However, when investigators asked Andrikopoulos, pursuant to a subpoena, to deliver to SCI's office the receipts for materials he purchased for his school jobs, Andrikopoulos did not produce any invoices from Grainger.com. Instead, he supplied numerous invoices from Grant Supplies.

<sup>44</sup> Ahdab recalled making a purchase from Grainger.com on behalf of Hara which he initially paid for on his credit card.

<sup>45</sup> Both Shah and Ahdab explained to SCI investigators the purpose of the "Means" catalog.

<sup>46</sup> During an interview with investigators, Shah was asked if the DOE required the submission of paid invoices to show that the contractor purchased the material at the prices he claimed. Shah noted that contractors usually did not buy for each job and instead bought materials in bulk. Shah stated, however, that when Andrikopoulos submitted Grainger documents with his "Contractor's Application for Payment," and signed certification, the DOE relied on Andrikopoulos's representation that he had bought his materials from Grainger.com

Investigators further asked Ahdab about any knowledge he had regarding Vector Electrical Supply Inc.<sup>47</sup> Specifically, Ahdab was asked whether Vector Electrical Supply Inc. was a separate entity from the company established in 1998 which was known as Vector Electric Inc. (“Vector”). Ahdab responded that it was the same company and that the name was used to create additional fraudulent invoices for materials. Ahdab explained that, on a few occasions when “there [were] no good prices,” and Andrikopoulos wanted the additional money for material costs, Vector Electrical Supply Inc. invoices were created by Ahdab and submitted to the DOE with the “Contractor’s Application for Payment.”<sup>48</sup>

Ahdab revealed that at the end of September 2007, he quit working at Hara because he was upset with what was going on. Several months later, A. Ramirez asked Ahdab to assist on a job that Vector was doing at PS 40 in Queens, which he did.<sup>49</sup> In either February or March of 2008, Ahdab resumed working at Hara as a project manager because he needed a job. Ahdab revealed that he once again was “adding the same names,” and hearing complaints from Andrikopoulos that he was “leaving too much money on the table.” Ahdab finally left Hara’s employment for good on October 6, 2008, and has had no contact with Andrikopoulos since.

#### Additional Labor Issues

##### Hara

In December 2008, SCI investigators interviewed Michael Gatzonis, the current project manager at Hara.<sup>50</sup> Gatzonis stated that he had been employed at Hara since either August or September of 2007 and was responsible for delivering materials, supervising the men in the field, and obtaining and filling out the permits for the schools when necessary. Gatzonis said that he interacted with Andrikopoulos, whom he had known since he was about six or seven years old, on a daily basis. Gatzonis explained that he and Andrikopoulos discussed various ongoing projects, as well as work that needed to be completed in the schools. Gatzonis added that prior to working at Hara, he worked at Vector for approximately one year and a half and A. Ramirez was his boss. According to Gatzonis, Andrikopoulos referred him to Vector because Hara did not have work for him at the time. Gatzonis told investigators that, although he could do “some electrical work,” he was not a licensed electrician.

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<sup>47</sup> Records from the NYS Department of State Division of Corporations reflect a filing date of February 3, 2006, for Vector Electrical Supply Inc. with no information about the Chairman or Chief Executive Officer.

<sup>48</sup> SCI investigators discovered two of these invoices.

<sup>49</sup> This job was for SCA.

<sup>50</sup> At the time of this interview, Gatzonis had been a project manager for approximately six months. He became the project manager when Ahdab left his employment with Hara. Gatzonis’s prior position at Hara was as an assistant project manager.

Gatzonis explained that his work schedule was from 9:00 a.m. until 5:00 p.m., although sometimes he worked until 7:00 p.m. or even 9:00 p.m. Gatzonis was paid \$20.00 an hour and that his gross pay was approximately \$800.00 a week.<sup>51</sup> At the end of the week, Gatzonis informed Maria Melitis, the bookkeeper, as to how many hours he worked. Gatzonis supervised about 10 to 20 men and, when the men were assigned to a job site, it was assumed that they would show up every day and work.<sup>52</sup> Gatzonis admitted that Hara employees were not instructed to sign in to the school's security log until SCI's investigation began. According to Gatzonis, the men would sign in at the beginning of a job, although sometimes school security would require only one employee to sign in. At other times, the security agent would recognize a worker and let him on to the premises without signing in.<sup>53</sup> Gatzonis noted that, unless he was bringing materials to a job site, he would not give the men "a heads up" that he was coming to a site. Gatzonis told investigators that he would not inspect the schools on a regular basis and was not aware of any specific guidelines for keeping tabs on who worked or who was absent. Gatzonis insisted that he did not fill out any paperwork detailing who worked when and where, but instead asked the men every day if everyone was present and then provided that information to Ahdab.<sup>54</sup> Gatzonis reported that, several months earlier, he began recording on paper, the specifics about when and where each employee worked.<sup>55</sup>

During the interview, SCI investigators presented Gatzonis with two "Contractor's Application for Payment" that were submitted for payment by Andrikopoulos. One was for work completed at PS 29 in the Bronx and the other pertained to PS 71 in the Bronx. Attached to both contracts were certified payroll reports from Hara and Vector for the time period from March 2008 through April 2008. A review of Hara's certified payroll reports that were signed by Andrikopoulos reflected that Gatzonis was listed as having worked at PS 29 for 18 days, seven hours a day for a total of 126 hours.<sup>56</sup> Gatzonis was also listed on certified payroll reports as having worked at PS 71, for three days in March 2008, seven hours each day. A comparison of

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<sup>51</sup> Gatzonis said that he "made a little less than \$20.00" per hour when he was employed at Vector. SCI investigators obtained Hara paychecks and stubs for Gatzonis for the time period from March 2008 through May 2008. A review of these materials reflected that Gatzonis earned a gross pay of anywhere from \$800.00 per week to \$960.00 per week.

<sup>52</sup> During the interview, SCI investigators discussed various names of employees who were documented as having worked for either Hara or Vector. Gatzonis identified each employee and his position within the company. When the names Eugenio Ramirez, Panagiotis Labrianidis, and Spyridon Soilemes were mentioned, Gatzonis responded that he did not know any of those individuals.

<sup>53</sup> Despite the fact that the "Requirements Contract for Electrical Installations," required employees to sign in at the security desk and log in with the custodian each day, SCI discovered that each school varied with respect to enforcing these requirements.

<sup>54</sup> During the interview, investigators presented Gatzonis with "Time Sheet for Contractor's Field Work" documents. Gatzonis indicated that he never filled out that paperwork.

<sup>55</sup> According to Ahdab, it was only after SCI began its investigation that detailed records were kept regarding an employee's hours and school location.

<sup>56</sup> The only other employee listed on Hara's certified payroll reports was Ahdab. Gatzonis reviewed the payroll reports and identified the signature on each of the reports as Andrikopoulos's.

both sets of payroll reports uncovered that Gatzonis was “double-billed” to the DOE in that he was documented as having worked at both PS 29 and PS 71 on March 20, 2008, March 24, 2008, and March 25, 2008. Gatzonis examined the documents and advised investigators that the information recorded on these documents was incorrect. Gatzonis explained that he may have stopped by both schools during that time period, but he certainly did not work in either location for seven hours a day as indicated on each of the certified payroll reports.<sup>57</sup> Gatzonis disclosed that, after SCI’s investigation began, he learned that his name had been listed on Hara’s certified payroll sheets. Furthermore, Gatzonis was documented as having earned the rate of \$25.80 per hour with supplemental benefits in the amount of \$15.50. Gatzonis noted that he never received the prevailing wage rate or any supplementary pay as indicated on the certified payroll reports.

Records revealed that Andrikopoulos billed the DOE, claiming that Gatzonis worked at PS 29 and PS 71, for a total of 147 hours amounting to \$9,555.00. In addition, the DOE was billed another 11 hours and 30 minutes for work allegedly performed by Gatzonis on a weekend day.<sup>58</sup> In total, the DOE was overbilled for employee Gatzonis a total of 158 hours and 30 minutes equaling \$10,797.00.

At the conclusion of the interview, Gatzonis was asked whether he ever cashed checks in his name and then gave the money to Andrikopoulos. Gatzonis revealed that once, he had cashed a group of approximately four or five checks for Andrikopoulos that were made payable to Gatzonis. According to Gatzonis, the checks ranged from \$500.00 to \$700.00, and all the money he received from the checks was given to Andrikopoulos. SCI discovered four checks dated from March 2008 through April 2008 made out to Gatzonis from Hara Electric Corporation totaling \$2,061.75.<sup>59</sup> Gatzonis confided to investigators that he felt uncomfortable doing this, although he never questioned Andrikopoulos about the matter, and Andrikopoulos did not offer any explanation.

SCI investigators met with Maria Melitis on two occasions at SCI. Melitis worked at Hara from 2004 until 2009, when she was laid off due to a lack of work. Melitis explained that, while at Hara, she was responsible for handling payroll, accounts receivable, accounts payable, certificates of insurance, bookkeeping, and various

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<sup>57</sup> Gatzonis confirmed what Ahdab had stated during his interviews with SCI investigators. Gatzonis recounted that he “wasn’t at the schools for more than a couple of hours at a time, whether it be delivering material or making sure the job [was] going okay, on schedule, and that’s it. That’s, that was the description of [his] work and that’s what, that’s what [he] did.”

<sup>58</sup> Investigators discovered that Gatzonis, Ahdab, and Andrikopoulos were all documented as having worked at PS 91 in Queens on a Saturday for 12 hours at a rate of \$108.00 per hour. This amount was modified by the DSF who deducted 30 minutes for each employee for a meal break, resulting in a billing to the DOE of 11.5 hours at \$108.00. Investigators learned, however, that only Ahdab worked at that location on that Saturday.

<sup>59</sup> The checks were as follows: March 14, 2008 in the amount of \$525.50; March 21, 2008 in the amount of \$525.50, March 28, 2008 in the amount of 525.25, and April 4, 2008 in the amount of \$485.50. These checks were not in the form of payroll checks.

administrative duties. Melitis stated that she worked solely in the office and did not know the locations where any of the employees were assigned each day.

When asked about the procedures regarding Hara's payroll, Melitis responded that payroll was completed once a week usually on Wednesday or Thursday morning. Melitis explained that payroll information was provided to her by either Andrikopoulos, Ahdab, or Gatzonis. Melitis entered the information into the "web remote" system and then the data was submitted to CompuPay which generated the weekly paychecks.<sup>60</sup> Melitis was only informed about the names of the employees who worked and the hours they worked; she was not provided with any school locations where an employee may have worked for the week.

Melitis told investigators that she did not distribute the paychecks to the employees. Rather, Ahdab, Gatzonis, and Andrikopoulos retrieved the paychecks and distributed them to the employees in the field. Investigators then asked Melitis whether she recalled seeing checks issued in Soilemesis's name and Labrianidis's name. Melitis responded, "yes" and indicated that certain checks were given to Andrikopoulos every week, however, she could not specifically recall the names on those checks. Melitis further stated that although she never saw Andrikopoulos's wife, Nidia, in the office, weekly checks were issued to her.<sup>61</sup>

During the interview, investigators asked Melitis whether she was responsible for filling out any of the documentation necessary for the "Contractor's Application for Payment" packets that were submitted to the DOE for payment. Melitis stated that she ensured that each packet was complete and that the necessary documents were ready for Andrikopoulos's signature. Melitis explained that, although she completed Hara's certified payroll reports, she merely copied the information that was already detailed on the "Time Sheet for Contractor's Field Work" found in each packet. Melitis then added up the payroll hours listed, along with the "material invoices" in the packets, to construct the final bill for the DOE.<sup>62</sup> The only information Melitis added was the financial portion of the payroll report which included amounts such as the prevailing wage rates, supplemental benefits, gross pay, and net pay for each employee listed. Once the packet

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<sup>60</sup> Melitis explained that she also recorded payroll information into "quick books" which she maintained in the office.

<sup>61</sup> In an interview with SCI investigators, Nidia Andrikopoulos refused to answer any substantive questions put to her and invoked her 5<sup>th</sup> Amendment privilege against self-incrimination. When presented with a negotiated check from Hara issued to her, however, Nidia Andrikopoulos did identify her signature on the back of the check. In interviews with investigators, both Ahdab and Project Manager Vrettos stated that, although Nidia Andrikopoulos received paychecks from Hara, they never saw her working in the office. In fact, when investigators asked Vrettos what work Nidia Andrikopoulos did to receive her paychecks, he responded, "nothing."

<sup>62</sup> As noted previously, the regular rate billed to the DOE per hour for an electrician was \$65.00. With respect to the materials portion of the final bill to the DOE, Melitis took the invoice amount and added 20% which was Hara's overhead and profit.

was ready, it was placed upon Andrikopoulos's desk for his signature and then forwarded to the DOE for payment. Melitis added that any and all paperwork concerning Vector, such as the certified payroll report, was already attached and completed by the time a "Contractor's Application for Payment" packet reached her desk. Melitis insisted that she had "nothing to do" with any of the Vector employees or Vector's paperwork.

#### Hara and Vector

SCI investigators interviewed Panagiotis Labrianidis who initially claimed that, sometime between February 2007 and August 2007, he worked "maybe three to four days with Hara, plastering and painting."<sup>63</sup> Although Labrianidis maintained that he worked in school facilities, he could not recall whether it was DOE jobs or School Construction Authority ("SCA") jobs that he completed. Labrianidis also could not recall the names of any of his co-workers, except for Andrikopoulos and A. Ramirez, whom he indicated had frequented the soccer club where he was employed.<sup>64</sup> When investigators advised Labrianidis that he was listed as an electrician on the certified payroll reports submitted to the DOE, Labrianidis repeated that he only "painted and did a little plastering work" for Hara.

In a subsequent interview with SCI investigators, under oath and in the presence of his attorney, Labrianidis completely changed his account. Labrianidis still acknowledged that he was not an electrician, but now insisted that he worked for Hara in 2007 and 2008, painting approximately three or four times a week from 4:00 p.m. until 11:00 p.m. Labrianidis contended that he painted for Hara during the winter and summer months and even worked at "Vector, a little bit." Labrianidis told investigators that he had known Andrikopoulos since 1972 and describe him as a "friend." According to Labrianidis, he saw Andrikopoulos almost every day at the Greek American Soccer Club, an establishment where Labrianidis had worked for approximately 10 years.<sup>65</sup> When asked whether he knew an individual by the name of Soilemesis, Labrianidis responded that he was a friend whom he knew from his hometown in Greece. When investigators asked Labrianidis whether he had ever worked in any school facility with Soilemesis, Labrianidis replied, "no."<sup>66</sup> Certified payroll records from Hara, however, listed Soilemesis and Labrianidis as having worked together at various schools on 19 dates. Moreover, certified Vector payroll records claimed that Soilemesis and Labrianidis had worked together on five dates.

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<sup>63</sup> SCI investigators spoke with Labrianidis for the first time on February 18, 2009. During the interview, he indicated that he had worked with Hara approximately 1½ to two years ago which would have placed the time frame between February 2007 and August 2007.

<sup>64</sup> This interview took place at the Greek American Soccer Club in Astoria.

<sup>65</sup> Labrianidis further stated that he knew Andrikopoulos's wife, Nidia, and that he had been to their house.

<sup>66</sup> Labrianidis told investigators that he did not know what work Soilemesis had performed for Andrikopoulos, but that he thought he was a "driver."



When asked to describe the work he performed for Hara, Labrianidis asserted that he painted hallways and classrooms at various schools.<sup>67</sup> When asked to name any employee with whom he had worked, Labrianidis claimed that he painted alone. According to Labrianidis, there were no electricians around when he was painting; someone would just say to him, “paint this, paint that.” Despite repeated requests, Labrianidis was unable to name one employee with whom he had worked during the years when he purportedly worked for Hara.<sup>68</sup> Moreover, Labrianidis’s name never once appeared in the numerous school logs that were examined by investigators. Labrianidis maintained, however, that he was never required to sign in and, when he arrived at a school, he would tell the school security that he was there to do his painting work.<sup>69</sup>

During the interview, investigators asked Labrianidis to sign his name on a piece of paper and he complied. Investigators then presented Labrianidis with a series of negotiated checks that were made out to him. The signature on the back of each check appeared different from one another. More importantly, none of the signatures resembled the signature on the paper Labrianidis signed during the interview. Labrianidis examined each check and claimed that some of the signatures on the checks were not his; some of the signatures were his; and some “might be his,” although he was not sure. Labrianidis explained that he did not have a bank account so Andrikopoulos would show up at the soccer club where he worked and, if he was busy, Labrianidis would quickly “scribble” something on the back of the check. Andrikopoulos would subsequently give Labrianidis his pay in cash. Labrianidis further stated that, when he worked for Vector, the same procedure was followed. Andrikopoulos would bring him the check at work, he would sign the check, and later he received cash.<sup>70</sup> Labrianidis added that he had provided Andrikopoulos with his Social Security number and that he filed taxes for the work he performed in the schools.

A review of the certified payroll documents signed and submitted by Andrikopoulos revealed that from November 2006 through September 2007, the DOE was billed 714 hours totaling \$47,879.00 for electrical work Labrianidis purportedly completed at the schools.<sup>71</sup> SCI investigators further discovered that Hara’s subcontractor, Vector, also listed Labrianidis as having worked at the schools. Certified

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<sup>67</sup> As noted during Shah’s interview, Hara was hired to perform electrical work and any painting work required was minimal and considered “touch-up” work.

<sup>68</sup> Investigators discovered that none of the individuals, who were documented on certified payroll reports as having worked with Labrianidis, knew him. As noted during his interview, Ahdab did not know Labrianidis, but was instructed to put him on the payroll by Andrikopoulos.

<sup>69</sup> Although each school varied with respect to the enforcement of signing in to the school, investigators found sign-in logs from a number of schools that contained the names of Hara and Vector employees. Labrianidis’s name, however, did not appear in any school sign-in log.

<sup>70</sup> Investigators obtained Vector’s bank records which documented checks issued to Labrianidis. On the back of each of these negotiated checks were two signatures: one signature in the name of “Panagiotis Labrianidis,” and the other signature in the name of “Kostas Andrikopoulos.”

<sup>71</sup> There were no billings to the DOE for Labrianidis for the time period from December 2006 through February 2007.

payroll reports submitted from Vector for the time period from March 2008 through June 2008, recorded Labrianidis as having worked 235 hours and 30 minutes amounting to \$15,572. Adding the amounts from Hara and Vector's certified payroll records revealed that Andrikopoulos fraudulently billed the DOE for Labrianidis, a total of 949 hours and 30 minutes equaling \$63,451.00.

Based upon the documentary materials received in this case, coupled with the testimony of witnesses and Labrianidis's initial statement to the assigned SCI investigator, this office concluded that Labrianidis was not being truthful when he testified under oath at SCI. As a result, investigators afforded Labrianidis an opportunity to return to SCI and amend his testimony. According to his attorney, Labrianidis did not wish to return.

Investigators also interviewed Soilemesis, who was repeatedly listed on certified payroll records as having worked for both Hara and Vector. Soilemesis told investigators that he was not an electrician and that he currently worked as a driver for Olympic Car Service, where he had worked "on and off" since 1994. Soilemesis continued that he also worked for other car services and has worked for private companies as a driver. When asked whether he knew Andrikopoulos, Soilemesis responded that he had known Andrikopoulos for at least 20 years and had met him at the Greek soccer club in Astoria, New York. Soilemesis further stated that he knew Labrianidis who was a painter. Soilemesis added that Labrianidis also attended the soccer club.

Soilemesis told investigators that he did not know much about Hara and had only been to Hara's office on one or two occasions. Sometime around 2006, Soilemesis approached Andrikopoulos and asked him for a favor.<sup>72</sup> Soilemesis explained that Andrikopoulos told him that he would contact him to use his services as a driver, perhaps for deliveries. Soilemesis said that he drove Andrikopoulos around to various locations for approximately two years. Soilemesis was paid in cash for his services, but every year he received a tax form from Andrikopoulos. Soilemesis acknowledged that he had provided Andrikopoulos with his Social Security number for tax purposes.

Soilemesis told investigators that he never performed any type of work, such as painting, plastering, or even delivering materials, for Hara. Soilemesis stated that he did not do any work in a school facility. The only work Soilemesis completed for Hara was to drive around Andrikopoulos for which he was paid in cash at the time of service. Soilemesis insisted that he had never received any paychecks from Hara.

During the interview, Soilemesis was asked to provide a sample of his signature. Soilemesis signed his name and indicated that this signature was how he signed his name to any documents or checks. Investigators then presented Soilemesis with a series

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<sup>72</sup> Soilemesis said that he asked Andrikopoulos for help because he was struggling, desperate, and out of work and money.

of negotiated checks issued in Soilemesis's name.<sup>73</sup> Soilemesis examined each of the checks and responded that he had never seen those checks and had never received them. Soilemesis further stated that it was not his signature on any of the checks shown to him. Investigators then asked Soilemesis whether he had heard of Vector and whether he knew an individual by the name of A. Ramirez. Soilemesis indicated that he might have heard of Vector but he did not know A. Ramirez. Similar to the situation with Hara, Soilemesis never performed any work for Vector and never received any paychecks from the company.<sup>74</sup>

Hara's certified payroll records submitted from April 2007 through May 2007, documented that Andrikopoulos fraudulently billed the DOE a total of 315 hours amounting to the sum of \$20,475.00 for work that he claimed Soilemesis completed in the schools. In addition, Vector's certified payroll records from March 2008 through June 2008 revealed that the DOE was billed for Soilemesis's services an additional 305 hours and 30 minutes totaling \$20,122.00. In sum, Andrikopoulos billed the DOE 620 hours and 30 minutes amounting to \$40,597.00 for Soilemesis; an individual who was not an electrician and who never set foot in any school facility to complete work for Hara or Vector.

#### Vector

In an interview with investigators, A. Ramirez, part owner of Vector, provided additional relevant information. A. Ramirez stated that he was an electrician who handled a variety of tasks at Vector, such as supervising the work and ensuring that a job was "going fine." Asked whether Vector employees were required to sign in to the school logs, A. Ramirez noted that it depended upon the school; sometimes employees had to sign in and sometimes they were not required to do so. A. Ramirez explained that there were times when the employees arrived at a school after school hours "so there was nothing to sign" or, if they were at a job for several months, they became familiar with the custodial staff and were not required to sign in. When asked how he verified whether an employee actually worked at a particular school, A. Ramirez responded that he

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<sup>73</sup> The checks were drawn on Hara's payroll and were for the time period from May 4, 2007 through June 1, 2007.

<sup>74</sup> A review of Vector's bank records also revealed checks issued to Soilemesis with two signatures: one signature in the name of "Spyridon Soilemesis," and the other signature in the name of "Kostas Andrikopoulos."

believed Ahdab confirmed this information and when Ahdab left Hara's employment, Gatzonis assumed that role.<sup>75</sup>

During the interview, SCI investigators presented A. Ramirez with the "Contractor's Application for Payment" that Andrikopoulos submitted to the DOE for the work completed at PS 29 in the Bronx. A. Ramirez reviewed the documents and acknowledged that he had signed his name to the five Vector certified payroll reports attached to the contract and submitted to the DOE. Each of the Vector payroll reports for the time period from March 10, 2008 through April 2, 2008 listed the names of four Vector employees. The remaining payroll report, that covered the period from April 3, 2008 through April 8, 2008, contained the same four employees listed on the other payroll reports, plus these additional names: Panagiotis Labrianidis, Spyridon Soilemes, Ruben Montenegro, and Eugenio Ramirez.<sup>76</sup> All eight individuals were documented as having worked at PS 29 for a total of 28 hours during the week of April 3 through 8, 2008. When investigators asked A. Ramirez if he knew these individuals, A. Ramirez responded that he had never met Labrianidis or Soilemes. He admitted that E. Ramirez was his father who had never performed any work at PS 29. A. Ramirez identified Montenegro as a friend who had performed work for Vector, but never at PS 29.

A. Ramirez contended that the information recorded on Vector's certified payroll reports was supplied by Hara's office and that every Tuesday or Wednesday, they "fax[ed] us all the names with the hours, where they were, such and such." When presented with a "Time sheet for Contractor's Field Work," listing both Hara and Vector employees, A. Ramirez stated, "we don't even do that in my office. They do this in Hara's office."<sup>77</sup> A. Ramirez continued that the custodian was supposed to sign the time sheet, however, A. Ramirez was not certain whether this procedure was followed because he usually did not even see this document. A. Ramirez related that his wife, Eliza Ramirez, handled the "field work" time sheets and he merely signed Vector's certified

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<sup>75</sup> A. Ramirez informed investigators that, prior to subcontracting for Hara on DOE jobs, A. Ramirez monitored the whereabouts of his employees and went to the schools at night to make sure the employees were where they should be. A. Ramirez stated, however, that when he started subcontracting for Hara, Andrikopoulos told him, "I don't want you to do nothing, just do the payroll with Lisa [Ramirez] and we'll take care of the rest." A. Ramirez explained to investigators that Andrikopoulos "was the boss" and he would tell A. Ramirez "what guys to send to which jobs from Vector." According to A. Ramirez, this was the reason things got out of control - because he had no idea where the employees were working.

<sup>76</sup> None of these names was found on any of the sign-in logs at PS 29. Nevertheless, for the week of April 3 through April 8, 2008, the DOE was billed 28 hours totaling \$1,820.00 for each individual.

<sup>77</sup> SCI investigators discovered that, whenever Vector subcontracted a job from Hara, the names of Hara and Vector employees were intermingled on the "Time Sheet for Contractor's Field Work" submitted with each "Contractor's Application for Payment." In an interview with investigators, Ahdab acknowledged that this time sheet contained employee names from both companies and that this document was faxed to Vector to enable Lisa Ramirez ("L. Ramirez") to complete Vector's certified payroll reports. L. Ramirez confirmed Ahdab's report and investigators noticed that many of the time sheets contained a fax number on the top of each page.

payroll documents, despite having never read the certification above his name. According to A. Ramirez, Eliza Ramirez would state, “sign here,” and A. Ramirez would comply.

A. Ramirez further maintained that he did not know what Andrikopoulos billed the DOE because he had never seen any bills, although he acknowledged that Andrikopoulos “overbill[ed].”<sup>78</sup> A. Ramirez was aware that the DOE could be billed only for electricians and no one else.<sup>79</sup> A. Ramirez noted that there were several occasions, perhaps 10 or 15, in which he signed the certification portion of blank payroll reports. A. Ramirez explained that he was advised that Hara jobs had been completed, but not yet billed to the DOE, so he signed blank payroll forms to expedite the billing process.<sup>80</sup> A. Ramirez told investigators that he trusted Andrikopoulos, “a hundred percent.”

Investigators then presented A. Ramirez with the spreadsheet from DSF which contained the breakdown of the work locations and hours of Hara and Vector employees. A. Ramirez reviewed this document and offered no explanation for the numerous instances of “double-billing” of Vector employees.<sup>81</sup> Upon examining the spreadsheet, A. Ramirez stated, “that’s not good. That never happened, not that I heard. We never sent a guy to two shifts, never.” A. Ramirez further disclosed that “[he had] been working in the schools for 18 years and we didn’t do that.” In fact, a comparison of the spreadsheet with Vector’s internal time keeping records revealed that the Vector employees listed had worked at the two locations for, at most, eight hours in one day. Moreover, the Vector employees were paid based upon Vector’s own time sheets rather than the incorrect hours reflected on the certified payroll reports. A. Ramirez insisted that any subcontracting invoice submitted to Andrikopoulos was based solely upon the payroll records maintained at Vector correctly documented the hours the employees worked.<sup>82</sup>

At the conclusion of the interview, A. Ramirez was questioned about his father, E. Ramirez, who appeared on certified payroll reports. According to A. Ramirez, E.

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<sup>78</sup> A. Ramirez stated that Andrikopoulos kept “everything away from [his] eyes” and insisted that Andrikopoulos did not want him to know anything about his bills to the DOE because then A. Ramirez would question why Andrikopoulos charged the DOE prices which were significantly different from the amounts that Vector billed Hara.

<sup>79</sup> According to A. Ramirez, the electricians on a site were responsible for cleaning up their own mess. If the contractor wanted to send cleaners to a particular location, that was permitted, however, the DOE could not be billed for these cleaners.

<sup>80</sup> In an interview with investigators, Ahdab recalled that A. Ramirez had signed blank payroll reports.

<sup>81</sup> As stated previously, there were three Vector employees and two Hara employees who were “double-billed” to the DOE as having worked a seven hours shift at two separate schools on the same date.

<sup>82</sup> A. Ramirez provided investigators with copies of Vector invoices submitted to Hara for payment. Invoices for labor identified the school location, the date, the number of men, the hours worked, and a rate of \$45.00 per hour.

Ramirez had worked at Hara for Andrikopoulos for approximately three or four weeks in 2007.<sup>83</sup> A. Ramirez told investigators that his father subsequently went on unemployment but, in September 2008, E. Ramirez received a letter that his unemployment benefits were suspended and that he had to pay back the amount of \$2,800.00.<sup>84</sup> A. Ramirez believed that Andrikopoulos had kept E. Ramirez on the payroll while E. Ramirez was collecting unemployment benefits. A. Ramirez confronted Andrikopoulos about this matter, but Andrikopoulos brushed him off and did not admit any wrongdoing. Certified payroll records submitted by Andrikopoulos to the DOE revealed that from October 2006 through February 2007, Andrikopoulos billed the DOE a total of \$12,901.00 for work that he claimed E. Ramirez performed in the schools.<sup>85</sup> In addition, Hara's bank account records disclosed a series of eight negotiated checks that were issued to E. Ramirez for the time period from January 12, 2007 through March 2, 2007.<sup>86</sup>

When SCI investigators questioned A. Ramirez about E. Ramirez being listed on Vector's certified payroll reports, A. Ramirez responded, "I just wanted to help my father." A. Ramirez acknowledged that his father never worked in any schools for Vector. Vector certified payroll reports submitted to the DOE with Hara's "Contractor's Application for Payments," revealed that from March 2008 through June 2008, the DOE was billed for 242 hours and 30 minutes totaling \$16,027.00 for work that E. Ramirez purportedly performed in school facilities for Vector. In sum, Andrikopoulos submitted contracts containing certified payroll reports from Hara and Vector that billed the DOE a total of 438 hours and 30 minutes amounting to \$28,928.00 in the name of E. Ramirez.

Investigators interviewed E. Ramirez who contended that he had worked for Hara approximately four or five weeks during the winter months in 2006 and/or 2007. E. Ramirez explained that he was a laborer who worked from 7:00 a.m. until 3:00 p.m., helping the electricians by bringing them materials and setting up the ladders and scaffolding. E. Ramirez maintained that he worked in the schools, but he could not recall the name of any of the schools, and acknowledged that he never signed in at any school. He further stated that he did not receive any paychecks from Hara and was paid in cash, approximately \$600.00 to \$700.00 a week.

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<sup>83</sup> Ramirez told investigators that he had asked Andrikopoulos if there was any way he could squeeze his father into a job and Andrikopoulos agreed to do so.

<sup>84</sup> A. Ramirez stated that he gave his father a check drawn from Vector's bank account to pay the Labor Department so that his father would not be penalized because his father had nothing to do with the matter. A. Ramirez noted that the letter from the Labor Department referenced the fact that E. Ramirez had worked for Hara while he was collecting unemployment benefits.

<sup>85</sup> There were no billings on Hara's certified payroll reports to the DOE for E. Ramirez for December 2006 and January 2007.

<sup>86</sup> Hara bank records were obtained for the time period from January 2007 to present. Six of the checks were in the amount of \$918.08, one check in the amount of \$758.72, and one check in the amount of \$758.71.

During the interview, investigators presented E. Ramirez with several negotiated checks issued to E. Ramirez from Hara's checking account. E. Ramirez examined each check and insisted that he never received any checks from Hara, and that it was not his signature on any of these checks.<sup>87</sup> When investigators asked E. Ramirez if he had provided his Social Security number to Andrikopoulos, E. Ramirez acknowledged that he had provided Andrikopoulos with this information.<sup>88</sup> Investigators then asked E. Ramirez whether he ever performed any work for Vector. E. Ramirez stated that he never worked in any school for Vector and, in fact, never worked for Vector in any capacity. E. Ramirez admitted, however, that he had received checks from Vector, from his son, A. Ramirez. Although he could not remember when he had received those checks, he did recall that it was after his work for Hara had concluded. E. Ramirez believed the payments were in the amount of \$600.00 to \$700.00 a check.<sup>89</sup> SCI investigators obtained Vector's bank records which showed paychecks issued to E. Ramirez for the time period from April 2008 through June 2008.<sup>90</sup>

Investigators also interviewed A. Ramirez's wife, Eliza Ramirez, who is known as Lisa ("L. Ramirez"). L. Ramirez began working for Vector in either March or April of 2005, and had worked there for approximately four years.<sup>91</sup> As the office manager at Vector, L. Ramirez was responsible for payroll, accounts payable, accounts receivable, and various human resources tasks. L. Ramirez explained the procedure by which she recorded Vector employees' hours and location and stated that "everything comes from Hara Electric on a weekly basis." Every week, the "Time Sheet for Contractor's Field Work" was faxed to L. Ramirez from Hara's office and, upon receipt, she updated the Excel spreadsheet she maintained for billing purposes.<sup>92</sup> When asked if she verified the information submitted to her, L. Ramirez responded that she relied upon what she received. L. Ramirez noted, however, that there had been several occasions when she questioned the information she was provided because a Vector employee was already documented as working at a particular school and then was being billed again at another school.<sup>93</sup> L. Ramirez told investigators that in these situations, she contacted Ahdab

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<sup>87</sup> The name "Nidia" was clearly present on the back of one of the negotiated checks issued to E. Ramirez. This name was crossed out and a new signature was found on the check in the name of "Eugenio Ramirez." As stated previously, Nidia is the name of Andrikopoulos's wife.

<sup>88</sup> E. Ramirez said that, after working for Hara, he subsequently received a letter from the Labor Department stating that he had to pay back the amount of \$2,800.00.

<sup>89</sup> When asked about E. Ramirez being placed on Vector's certified payroll records, L. Ramirez responded, "my husband was cutting him [E. Ramirez] checks back in March, April [2008], I believe, for a few months." L. Ramirez further acknowledged that A. Ramirez was "helping his father out."

<sup>90</sup> There were 10 checks issued: one in the amount of \$1,042.99, eight in the amount of \$1,038.33, and one in the amount of \$845.98.

<sup>91</sup> L. Ramirez stated that she began working at Vector when her husband, A. Ramirez, became part owner of the company. At the time of her interview with SCI investigators in January 2009, L. Ramirez was no longer employed at Vector.

<sup>92</sup> In an interview with investigators, Ahdab acknowledged that this document was faxed to L. Ramirez for her to complete the Vector certified payroll reports.

<sup>93</sup> L. Ramirez explained that this scenario occurred approximately seven or eight times.

because she thought maybe he had made a mistake. L. Ramirez stated that “every time I would call and double-check it with [Ahdab], he’d tell me, ‘no, I ran it, I ran that by Gus [Andrikopoulous] and Gus [Andrikopoulos] said to put it just like that. There is, there is no mistake.’”<sup>94</sup>

L. Ramirez stated that, despite the incorrect hours reflected on the payroll reports submitted to the DOE, whatever was recorded on Vector’s internal time sheets corresponded to the monies that the employee received in his paycheck. The employee was paid exactly what he worked. L. Ramirez told investigators that she submitted weekly invoices to Andrikopoulos based upon the hours that were reflected on her internal timesheets. However, L. Ramirez admitted that she completed the Vector certified payroll reports submitted to the DOE, based upon the incorrect timekeeping records she received from Hara.<sup>95</sup> L. Ramirez insisted that she was instructed to follow these records, even though she knew that they were inaccurate.<sup>96</sup> When asked whether she was concerned about the fact that her husband was signing off on these false timesheets, L. Ramirez stated that she discussed the matter with A. Ramirez and questioned “why [they were] doing it this way, [because her] payroll showed something totally different.” According to L. Ramirez, A. Ramirez trusted Andrikopoulos and responded that “Gus [Andrikopoulos] knows what he’s doing.” L. Ramirez added that they never questioned it any further.

#### Andrikopoulos

In the presence of his attorney and under oath, Kostas Andrikopoulos met with SCI investigators to address the allegations against him. Andrikopoulos provided investigators with his pedigree information, and stated that his wife, Nidia, had worked at Hara as a secretary. Andrikopoulos further stated that he and Batalias owned Hara Electric Corporation, an electrical company that had been established in 1989. Andrikopoulos, however, refused to answer any substantive questions put to him. Throughout the remainder of the interview, he repeatedly invoked his Fifth Amendment privilege against self-incrimination.

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<sup>94</sup> Ahdab told investigators that he did recall conversations with L. Ramirez where she questioned what was documented on the time sheets she received via fax.

<sup>95</sup> According to L. Ramirez, the time sheets she received from Hara’s office had to match the certified payroll reports she submitted, although they have “absolutely nothing to do with the actual [hours worked].”

<sup>96</sup> L. Ramirez told investigators that she confronted Andrikopoulos about the situation and he dismissed her stating, “we don’t know what we’re doing and he’s fed up with us” and that he was not going to give Vector any more work. According to L. Ramirez, she informed Andrikopoulos that she was doing what he told her to do and “if [she] was not doing it right, it [was] because [he was] telling her not to do it the right way.” L. Ramirez added that she informed Andrikopoulos that she needed to know what the employees worked because she did not want the Labor Department coming after her complaining that the employees were working double shifts and not being paid properly.



In a previous interview, conducted within a few months after SCI's investigation began, Andrikopoulos spoke with the assigned investigator, but did not admit any wrongdoing.<sup>97</sup> Andrikopoulos stated that he first began to use subcontractor Vector in March 2008 when he had a job at PS 29 in the Bronx. Andrikopoulos claimed that he stopped using Vector in August of 2008 because of "sloppy work." According to Andrikopoulos, he paid \$45.00 per hour plus \$9.00 per hour toward benefits for each employee from Vector who worked at one of his job sites. When asked whether someone from his office faxed over the "Time Sheet for Contractor's Field work" to Vector so that the certified payroll report could be completed, Andrikopoulos denied that this was true.

With respect to employees Ahdab and Gatzonis, Andrikopoulos claimed that these individuals were "supervisors and workers in the field." Andrikopoulos was then presented with certified payroll reports indicating that both Ahdab and Gatzonis were documented as having worked seven hour shifts at two schools, PS 29 and PS 71, on the following days: March 20 through March 22, 2008 and March 24 through March 26, 2008. Andrikopoulos stated that he believed both employees worked only at PS 29.<sup>98</sup> Andrikopoulos did not offer any further explanation about how these individuals were "double-billed," except to say that Melitis prepared the certified payroll reports and that he just signed these documents without reviewing them.

Investigators then presented Andrikopoulos with the 36-page contractor payroll report spreadsheet that contained a breakdown of Hara and Vector employees work locations and hours for the time period from July 2007 through April 2008. The spreadsheet was created using data from payroll reports submitted by Hara and Vector. A review of the materials revealed that five employees were listed as having worked a seven hour shift at two separate schools on the same date on 19 separate occasions. Andrikopoulos responded that, to his knowledge, his employees worked only at PS 29. When asked whether he actually paid Vector employees for 14 hours a day as listed on several of the certified payroll reports submitted to the DOE, Andrikopoulos did not directly answer the question. Andrikopoulos told investigators that he paid Vector when he received an invoice requesting payment.

During the interview, SCI investigators also presented Andrikopoulos with a copy of the Requirements Contract for Electrical Installations which governed the rates, regulations, and procedures he was required to follow when performing DOE jobs. Andrikopoulos acknowledged that he was familiar with this contract and that he was in possession of this item.

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<sup>97</sup> Andrikopoulos was not under oath when he was initially interviewed on September 18, 2008.

<sup>98</sup> This information was untrue and was contradicted by both Ahdab and Gatzonis in testimony taken by SCI. Ahdab disclosed to investigators that he never worked at either school. Gatzonis stated that he may have stopped by both schools that day but he certainly did not work in either location for seven hours. Both employees stated that their daily responsibilities did not involve working at schools for seven hour shifts.

### Conclusions and Recommendations

After reviewing hundreds of “Contractor’s Application for Payment” documents that Kostas Andrikopoulos submitted to the DOE for payment for work completed from October 2006 through October 2009, SCI has concluded that Andrikopoulos fraudulently billed the DOE the sum of over one million dollars. Our investigation has uncovered that Andrikopoulos consistently and repeatedly submitted these “Contractor’s Application for Payment” documents containing information which inflated Andrikopoulos’s final bill to the DOE and, as a result, the payments he received.

With respect to the material costs alone, SCI investigators have determined that Andrikopoulos fraudulently billed the DOE the sum of \$807,652.75. Andrikopoulos routinely added material not used in order to increase his costs so that his bill would be consistent with what had already been approved by the DOE as listed on the Proceed Order. This way, Andrikopoulos could avoid “leaving too much money on the table.” In addition, although Andrikopoulos submitted certified paperwork indicating that his materials were purchased from Grainger.com, they were actually purchased from a less expensive vendor, Grant Electrical Supplies. As a result, false invoices were created using the higher prices for materials as listed in Grainger.com and then the 20% overhead and profit markup was added to these fraudulent material costs.

SCI’s investigation revealed that Andrikopoulos overbilled the DOE by at least \$206,317.00 for labor costs he falsely claimed he incurred. He did this by charging the DOE for individuals who never worked in the schools, by “double-billing” for workers, and by billing in excess of the hours actually worked. SCI has determined that between the material and labor costs, Andrikopoulos fraudulently billed the DOE for an amount in excess of one million dollars.

Clearly the DOE has to pay more attention to corruption hazards and exercise more oversight over vendors hired to complete work in the schools.<sup>99</sup> Otherwise, corrupt vendors will continue to behave as if they have a “license to steal,” which will result in enormous and unnecessary financial costs to the DOE.

Accordingly, it is the recommendation of this office that the DOE refrain from contracting or subcontracting with Hara Electric, Vector Electric, or any company affiliated with Kostas Andrikopoulos. In addition, Kostas Andrikopoulos should be barred from working for the DOE, for one of its vendors, or in one of its facilities. Moreover, the DOE should seek reimbursement from him for the funds wrongly received.

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<sup>99</sup> In this case, it was only after Shah noticed that the amount of the final bill Andrikopoulos submitted with its “Contractor’s Application for Payment,” was excessive, that a quality assurance electrical inspector was sent to the school. Based upon the findings of this inspector, SCI was contacted.

We are referring our findings to Queens County District Attorney Richard A. Brown for whatever action he deems appropriate. We are sending our findings to the U.S. Department of Education, the New York City Comptroller's Office, the New York State Attorney General's Office, and the New York City Department of Buildings Licensing Unit.

We are referring our findings to New York County District Attorney Cyrus R. Vance, Jr. for whatever action he deems appropriate with respect to Panagiotis Labrianidis, who committed perjury during his testimony at SCI.

We are forwarding a copy of this letter to the Office of Legal Services. Should you have any inquiries regarding the above, please contact Special Counsel Valerie A. Batista, the attorney assigned to the case. She can be reached at (212) 510-1417. Please notify Ms. Batista within 30 days of the receipt of this letter as to what, if any, action has been taken or is contemplated regarding this investigation. Thank you for your attention to this matter.

Sincerely,

RICHARD J. CONDON  
Special Commissioner  
of Investigation for the  
New York City School District

By: \_\_\_\_\_

Regina A. Loughran  
First Deputy Commissioner

RJC:RAL:VAB:gm

c: Michael Best, Esq.  
Theresa Europe, Esq.