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Labor and Workforce Development



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DEVAL PATRICK
GOVERNOR

TIM MURRAY
LIEUTENANT GOVERNOR

JOANNE F. GOLDSTEIN
SECRETARY

Contact

Alison Harris, EOLWD, (617) 626-7121

Brad Puffer, AGO, (617) 727-2543

Grant Woodman, AGO, (617)-727-2543

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PATRICK-MURRAY ADMINISTRATION AND ATTORNEY GENERAL MARTHA COAKLEY BRING ENFORCEMENT ACTIONS AGAINST CONTRACTORS ON PULTE HOMES CONSTRUCTION SITES on

Subcontractors Under National Developer, Pulte Homes, Come Under Scrutiny in Massachusetts for Wage Violations, Unemployment Insurance Violations, and Worker Misclassification

Boston, MA – January 18, 2012 – Subcontractors working at Pulte Homes sites in eastern Massachusetts have been ordered to pay more than \$400,000 in unpaid wages and penalties, and more than \$141,000 has been recovered in previously outstanding revenue for Massachusetts' unemployment system.

The enforcement action is the result of investigations by Attorney General Martha Coakley's Office ([AGO](#)), the Executive Office of Labor and Workforce Development ([EOLWD](#)), and the Joint Enforcement Task Force on the Underground Economy and Employee Misclassification ([JTE](#)). The JTF was established by Governor Deval Patrick through Executive Order #499 in March 2008 to coordinate multiple state agencies' efforts to stamp out fraudulent employment activities by enforcing the state's labor, licensing, and tax laws.

"All workers in the Commonwealth deserve to be paid for the wages they have earned, including their overtime," said Attorney General Coakley. "We will continue to work together and take appropriate action to stop these unlawful business practices, level the playing field for companies and protect workers."

"The Commonwealth is committed to insuring that all businesses carry both workers' compensation and unemployment insurance coverage," said Secretary of Labor and Workforce Development Joanne F. Goldstein. "We will not tolerate employers or developers who proceed without this coverage, which puts employees at risk and employers who play by the rules at a competitive disadvantage. The Joint Task Force will continue to take all necessary action to protect legitimate employers, employees and the taxpayers of the Commonwealth."

"The Joint Task Force continues to strengthen cross-agency enforcement methods in the field to fight underground economy activity such as this," said JTF Director Drew Cahill.

Earlier this year, the Attorney General's Office and the JTF received wage and hour complaints against multiple subcontractors working at sites operated by Pulte Homes. The workers alleged that they were not paid for overtime and not paid for all hours worked. Workers were often paid in cash and by checks that bounced.

As a result of the AG's investigations, five employers were ordered to pay back a total of

\$409,777.75 in unpaid wages and penalties. Those penalties were for the failure to pay wages and overtime, failure to issue suitable pay stubs, failure to furnish records for inspection, and misclassification of workers as independent contractors.

The AG's investigations resulted in the following findings and action:

- AM Construction Services and its President, Adimar Demoura, age 32 of Framingham, allegedly failed to pay four workers a total of \$15,331.50 for framing work done on private residential projects in Braintree and Plymouth. They were also fined \$22,500 in penalties.
- Five Stars Construction and its President, Alexandre Miranda, age 40 of Trumbull, Connecticut, allegedly failed to pay two workers a total of \$30,700 for framing work done on a private condominium project in Natick. They were also fined \$30,000 in penalties.
- Nunes Brothers Construction and its President, Tiago Aguiar M. Nunes, age 28 of Brooklyn, New York, allegedly failed to pay 23 workers a total of \$99,086.75 for framing work done on private condominium and single-family homes projects in Braintree, Plymouth, Natick, and Northbridge. They were also fined \$112,500 in penalties.
- Seven Seas Group and its President, Jackson Croscup, age 55 of Fall River, allegedly failed to pay five workers a total of \$10,333 for framing work done on a private condominium project in Natick. They were also fined \$20,075 in penalties.
- Two Brothers Construction and its President, Wellington DeLima Borges, age 41 of East Natick, allegedly failed to pay six workers a total of \$34,751.50 for framing work done on a private home development project in Plymouth. They were also fined \$34,500 in penalties.

As part of their role with the JTF, investigators with EOLWD's Departments of Unemployment Assistance ([DUA](#)) and Industrial Accidents ([DIA](#)) also inspected construction sites in Northbridge, Braintree and Natick between late May and early June 2011. The sites are owned and operated by Pulte Homes of New England Limited Liability Corporation and Pulte Braintree Limited Liability Corporation. Upon review of records and statements made on-site, DUA investigators determined that six companies at the three Pulte sites had committed violations of failure to register with DUA, failure to pay unemployment taxes, and employee misclassification, resulting in the following findings:

- A company working at the Northbridge Pulte site owed \$80,768 in unpaid unemployment taxes to DUA.
- A company working at the Braintree Pulte site owed \$28,098 in unpaid unemployment taxes to DUA.
- Four companies at the Natick Pulte site owed \$35,692 in unpaid unemployment taxes to DUA. One of the companies misclassified 28 employees as independent contractors over a four-year period.

Unemployment Insurance tax is a tax on employer payrolls paid by employers and used to provide funds from which unemployment benefits are paid to qualified unemployed workers. State unemployment tax is not deducted from employee wages. The JTF is a broad coalition of state agencies including, among others, the Attorney General's Office, EOLWD's Departments of Industrial Accidents and Unemployment Assistance, and the state's Department of Revenue. These agencies work together to protect workers and restore competitive equality for Massachusetts' businesses. Although the large majority of Massachusetts employers conduct business with integrity, unscrupulous offenders are a serious threat to consumers, workers, tax revenues, legitimate businesses, and the economic well-being of the Commonwealth. Workers who believe that their rights have been violated are strongly urged to call the Attorney General's Fair Labor Hotline at (617) 727-3465, or the Joint Task Force Referral Line at (877) 965-2267, or visit the Joint Task Force website at <http://www.mass.gov/lwd/eolwd/jtf/> to submit a complaint via email. More information about the wage and hour laws is also available in multiple languages at the Attorney General's Workplace Rights website at www.massworkrights.com.

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