



Joint Task Force on Construction Industry Fraud  
Findings and Recommendations to  
Mayor William Peduto and the Pittsburgh City Council

February 2021

# ACKNOWLEDGEMENTS

**Mayor William Peduto**

**Chair of Joint Task Force on Construction Industry Fraud**

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**Office of Councilman Corey O'Connor**

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Given the statewide prevalence of worker misclassification, representatives of the Pennsylvania Office of Attorney General's Fair Labor Section were invited to attend and regularly did attend meetings of the Joint Task Force on Construction Industry Fraud.

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## LETTER FROM THE CHAIR

The construction industry is a well-known haven for companies who misclassify their workers, fail to withhold taxes, ignore laws aimed at ensuring safe job sites, and capitalize on worker exploitation.

Keeping employees “off the books” is an illegal practice common in the construction industry. It benefits unscrupulous contractors who operate in an underground economy at the expense of the honest taxpayer. These contractors line their pockets with ill-gotten profits that should instead be going to local, state, and federal taxing authorities. Individuals who engage in this type of tax fraud typically fail to pay their workers fair wages, rarely provide medical coverage, while also evading overtime laws and workers’ compensation premiums. This gives them an extensive advantage when it comes to bidding on both public and private jobs. Law-abiding contractors that absorb all the costs related to paying taxes and other health and workers’ benefits cannot compete. Blatantly ignoring our tax laws, these unscrupulous contractors also generally ignore health and safety rules, and often hire employees that are inadequately trained and unskilled.

The edge is clear in the bidding process. On bid day fraudulent contractors have a 30% advantage over law-abiding contractors. By misclassifying their employees, evading taxes, and having fewer or no ancillary benefit-related expenses, they unlawfully win work. Here’s why:

- Because of the fiercely competitive nature of the construction industry “Tax Fraud” has led it in a downward spiral. Employers in many markets are faced with the difficult decision to join in on the unlawful activity or go out of business;
- The construction industry leads the pack in illegal practices of paying workers “off-the-books” and intentionally misclassifying employees as independent contractors. “Off-the-book” payments dominate illegal activity at a rate of 2 to 1.
- Simply put, these practices amount to tax fraud, and in the construction industry, it is not a trivial practice. Our investigations have revealed multiple local cases in the Pittsburgh area involving hundreds of workers and millions of dollars in public money illegally kept in the pockets of fraudulent contractors.

The latest study from the Department of Labor & Industry from 2008 found that in Pennsylvania over 580,000 workers were misclassified as independent subcontractors annually costing the Unemployment Compensation Trust Fund over \$200 million a year in lost revenue and \$81 million in lost premiums to the Workers Compensation System. (Note this study does not reflect “off-the-book” workers who out number misclassified workers 2-to-1.) With the Construction industry growing at a record pace imagine what the numbers would look like today.

These unscrupulous contractors and developers use their relationship with crooked subcontractors or law-breaking labor brokers, shell companies, and check cashing schemes as a shield against their liability. The intentionality of their conduct is unmistakable.

The City of Pittsburgh and its surrounding neighborhoods are currently being taken advantage of by numerous actors in the construction industry who intentionally use this scheme as their

business model. This lost revenue could be used to help revitalize our local communities, upgrade or build new schools, support local police, fire fighters, and upgrade our infrastructure.

We need to remain focused on the mission to save the industry and coordinate efforts to help government officials make informed decisions that support their bottom line and allow for growth. An array of measures must be taken to end this illegal activity from new regulations and penalties to law enforcement agencies being given the resources to do their jobs effectively. Everyone needs to be committed to breaking out of their silos and working together. Immigration reform is needed so that workers will not fear standing up for their rights. Upper-tier contractors must be held accountable. The economic advantage for contractors who hire law-breakers must be taken away, Otherwise, construction industry fraud will continue to grow and millions will continue to be lost.

We remain confident that the Task Force and the continued pressure to clean up the industry will be successful.

A handwritten signature in blue ink that reads "Steven B Mazza". The signature is written in a cursive, flowing style.

Steve Mazza  
Chair  
Joint Task Force on Construction Industry Fraud

## EXECUTIVE SUMMARY

Pittsburgh has seen explosive growth in the construction industry in the past decade with new commercial and residential properties popping up throughout the city, while many more homes and buildings have undergone extensive renovations. Construction is one of the largest industries in the Pittsburgh metropolitan area employing approximately 54,000 workers with steady growth in recent years. However, there are many workers who go unrecognized on these projects.

Contractors, subcontractors, and labor brokers have been known to engage in a practice known as employee misclassification. Essentially, the employer or individual tasked with hiring does intentionally misclassify a worker as an independent contractor instead of any employee in order to evade their legal duty to provide these workers with benefits and protections and to evade their tax obligations. All employees, by law, are entitled to certain benefits, such as a minimum wage, overtime compensation, family and medical leave, unemployment insurance, and safe workplaces, but misclassified employees often are denied these basic benefits. This leads to substantial losses to the local, state, and federal governments in the form of lower tax revenue, as well as to state unemployment insurance and workers compensation funds.

The City of Pittsburgh has been granted authorities by the Commonwealth of Pennsylvania to protect the health, safety, and livelihood of its residents and persons performing services within its limits. The Department of Permits, Licenses, and Inspections is at the forefront of safeguarding workers and the public with work done by those in the construction industry, but while the City and Departments have implemented a comprehensive set of rules and regulations around such work, there are numerous opportunities for the City to strengthen their regulations to further protect workers, their livelihoods, and residents.

Resolution 1194 of 2019, which established the Joint Task Force on Construction Industry Fraud, gave the Task Force the mandate to develop a report with recommendations for code and policy changes to protect businesses and their workers against tax fraud and unfair labor practices.

The Task Force has found that the City and its partners can protect workers and the public by making a series of policy changes and bolstering the staffing of relevant departments and offices to sufficiently provide oversight and investigate potential problems. The recommendations put forward by the Joint Task Force will require intensive analysis by the City and relevant stakeholders to ensure that the adoption of any of these recommendations is done effectively and within the authority of the city government. The recommendations by the Joint Task Force are as follows:

- **Further defining PLI Rules and Regulations around Contractor Permitting and Licensing.** The Task Force recommends that the Department of Permits, Licenses, and Inspections update their Rules and Regulations policies to expand the definition of Construction Contractors to be more inclusive of the various roles that subcontractors can play in the labor process and to restrict the ability for sub-contractors to misclassify employees. To compliment this expanded definition, it is necessary to also further define

the criteria for the suspension or revocation of any license for failure to notify the relevant regulatory bodies of all workers permitted on the project. This would include a civil penalty for failure to comply and a requirement to have additional insurance for contractors.

- **Strengthen Regulations on use of Public Subsidies.** Any contractor or developer who receives a public subsidy from the City of Pittsburgh is required to report all workers who are on the project site. Failure to do so would include a penalty and barred from receiving any future subsidy.
- **Staffing within the City's Department of Finance and the Office of the Controller.** To adequately enforce regulations that are currently on the books and to inspect project financials and work sites, the Department of Finance and the Office of the Controller will need to increase their capacity by hiring new employees.
- **Create incentives for workers on a project to report labor violations.** It is not practical for the City to proactively inspect and investigate all projects within the city. Instituting incentives that encourage project employees to report labor violations would compliment the City's proactive activities. Project employees who are willing to report violations must not be penalized for coming forward, so safeguard must be put in place to keep their reports confidential and safe.
- **Evaluate and Amend the Office of Management and Budget Contracting Process.** The existing process needs to be strengthened to include penalties for labor related violations. Penalties need to be severe enough to ensure that they are not absorbed by violators as a cost of doing business.
- **Building Stronger Relationships with Municipal Court Judges.** Any and all changes made to the regulations that govern the construction industry will need to be communicated to all Municipal Court Judges. These judges will be responsible for enforcing the laws so they will need to have a thorough understanding of the necessity to make the changes

The full report covers the state of construction in the Greater Pittsburgh region, an analysis of the system, examples of notable and documented cases of fraud, and legislative and administrative recommendations for mitigating the potential for fraud. The recommendations put forward by the Task Force focus on the City of Pittsburgh government, specifically the relevant departments with the construction process, with the acknowledgment that reforms need to be made by other governing bodies and regulating agencies to ensure that public tax dollars are safeguarded fraud.

## INTRODUCTION

The construction industry is vital to the health of the economy and the middle class of Pittsburgh. As of 2019, construction accounted for over 54,000 jobs in the Pittsburgh metropolitan area and is one of the fastest growing industries.<sup>1</sup>

Pittsburgh area employment (number in thousands)	Feb. 2020	Change from Feb. 2019 to Feb. 2020	
		Number	Percent
Total nonfarm	1,183.1	7.7	0.7
Mining and logging	11.3	-0.7	-5.8
Construction	58.9	4.0	7.3
Manufacturing	86.6	-0.4	-0.5
Trade, transportation, and utilities	202.5	-3.5	-1.7
Information	19.3	0.2	1.0
Financial activities	77.5	1.8	2.4
Professional and business services	183.1	3.0	1.7
Education and health services	260.2	-2.1	-0.8
Leisure and hospitality	117.9	4.2	3.7
Other services	47.8	-0.8	-1.6
Government	118.0	2.0	1.7

Source: U.S. BLS, Current Employment Statistics.

Worker misclassification occurs when employers treat certain employees as independent contractors when they should not be classified as such. This may be done for many reasons, such as avoiding taxing obligations, depriving workers of benefits provided by law (overtime compensation, minimum wage, unemployment compensation, family leave, etc.) to reduce costs associated with payroll, and to reduce other employment costs.

Incorrectly classifying workers as independent contractors is an intentional business decision. These tactics allow the employer to save on costs but cause direct harm to the worker and public by withholding the rights and money that belong to both. Violations frequently include failure to comply with the payment of proper wages that make it difficult for construction workers and their families to reach and maintain a middle-class livelihood.

The Construction Workplace Misclassification Act (Act 72) establishes a definition of “independent contractor” for purposes of workers’ compensation, unemployment compensation, and worker classification.

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<sup>1</sup> United State Bureau of Labor Statistics. (2019). Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates Pittsburgh, PA. Retrieved from [https://www.bls.gov/oes/current/oes\\_38300.htm#47-0000](https://www.bls.gov/oes/current/oes_38300.htm#47-0000)



Employers, according to Act 72, are barred from arbitrarily misclassifying construction employees as independent contractors. If an employer wants to classify a worker as an independent contractor, the worker must meet the following guidelines:

- 1) have a written contract to perform services
- 2) be free from control or direction over the performance of work under contract
- 3) be customarily engaged in an independently established trade or business

Similarly, there are six factors that establish an independent trade or business:

- 1) Worker possesses his/her own essential tools and equipment;
- 2) Worker realizes profit or loss through services;
- 3) Worker has a proprietary interest in business through which services are performed;
- 4) Worker has a business location separate from contractor;
- 5) Worker previously performed similar services for others, holds himself/herself out to do work for others, and is free from direction or control of the contractor; and
- 6) Worker maintains liability insurance of at least \$50,000.

Legislation sponsored by Councilmembers Corey O'Connor and Darlene Harris passed December 2018 authorizing the Mayor to establish and convene a special task force to analyze issues within the local construction industry and to provide recommendations to the Mayor and City Council on relevant issues.

The resolution takes particular aim at construction companies that commit wage violations that result in underpayment or nonpayment of taxes, as well as too-low pay rates that prevent some workers from being able to support their families.

The purpose of the Joint Task Force is to provide recommendations to the Mayor and City Council on relevant issues.

## Process

Mayor Peduto selected Steve Mazza to serve as the Chair of the Task Force. Mr. Mazza has worked in the building trades for over thirty years and has been actively involved with the Pittsburgh community throughout his entire career with a focus on jobs and building the region. Mr. Peduto, per the legislation, also selected representatives from the following public and private sectors to serve as members of Task Force:

- City of Pittsburgh City Council
- City of Pittsburgh Office of the Mayor
- Allegheny County District Attorney's Office
- Pennsylvania Office of the Attorney General
- Pennsylvania Department of Labor and Industry
- City of Pittsburgh Office of City Controller
- City of Pittsburgh Department of Permits, Licenses and Inspections
- City of Pittsburgh Department of Finance

- Pittsburgh Regional Building and Construction Trades Council
- Eastern Atlantic States Regional Council of Carpenters

According to the authorizing legislation, the Joint Task Force has the powers and duties to do the following:

- The Joint Task Force was to meet at least once a quarter.
- Review existing programs and practices.
- Advise and provide studies and recommendation to the Mayor and City Council.
- Create a report with any recommended code and/or policy changes to protect businesses and their workers against tax fraud and unfair construction industry trade practices.
- The report shall be sent to City Council and filed by the City Clerk.

Steve Mazza, the chair of the Joint Task Force, first convened the group on February 3, 2019. The Joint Task Force met on a regular basis at the offices of City Council. They met on the following dates:

February 3, 2019	June 20, 2019
March 14, 2019	July 21, 2019
April 25, 2019	September 20, 2019
May 20, 2019	November 21, 2019

## Construction in Pittsburgh

There are approximately 634 construction projects valued at \$200,000 or more in Southwestern Pennsylvania underway right now. The construction cost of these projects is roughly \$3.3 billion. This value does not include any of the deferred major projects (Pittsburgh International Airport, US Steel etc.). In the City of Pittsburgh alone there are 117 projects currently underway with the valued construction cost of \$1.71 billion. The City's Department of Permits, Licenses, and Inspections shows double that number when considering construction projects valued less than \$199,999. The Previous highwater mark would be the 3<sup>rd</sup> quarter of 2019, when there were 812 projects of the same criteria underway at \$4.7 billion in value.

## Need for Regulations and Oversight

Due to lack of resources, legislation and enforcement construction contractors have been policing themselves. Often cutting costs by unlawfully exploiting workers, committing wage theft, misclassifying their workforce, cutting safety measures for workers and the public, and committing both tax fraud and insurance fraud.

Employees are fearful to report the exploitation because of the likelihood of employer retaliation. Retaliation typically comes in the form of job termination, banning of future work opportunities, personal health and safety threats, and the fear being forced to repay all uncollected taxes.

The Joint Task Force on the Construction Industry Fraud was convened to help the City of Pittsburgh to better understand the labor violations and tax fraud schemes that are happening on construction sites throughout the city and to provide recommendations to the Mayor and City Council for consideration.

The issues of misclassifying workers, not supplying employees with adequate protections, paying workers in a way that does not account for taxes are all well known by the members of this Joint Task Force. Though the problems are plentiful, they are not unavoidable.

It is important to note that the City of Pittsburgh cannot implement regulations that would cease the types of fraud and labor violations addressed in this report. The City can take action to help mitigate the number of violations and provide workers with the means for reporting illegal behavior, but it will take commitments from the state, federal, and other local government agencies to put an end to the violations and fraud prevalent in the construction industry.

## Examples of Fraud in Region

The Pennsylvania Department of Labor and Industry is the cabinet level agency tasked with overseeing the health and safety of workers. Under Act 72 the Department is able to receive and investigate complaints of worker misclassification and other labor violations.

In 2019 the Department collected \$531,874.73 in administrative penalties with \$111,441, or 21%, coming from the Western Pennsylvania region. Allegheny County itself brought in \$49,166 in penalties. The precise 2019 violations are as follows:

<b>Company</b>	<b>Fine Amount</b>	<b>City</b>
BEH Industries Inc.	\$6,750.00	Bethel Park
Professional Painting Services LLC	\$4,666.00	South Park
Cherep Construction LLC	\$750.00	Pittsburgh
Consolidating House LLC	\$4,000.00	Pittsburgh
Gravener Heating & A/C	\$500.00	Pittsburgh
Josiah Construction LLC	\$1,500.00	McDonald

Malone Construction Co Inc	\$1,000.00	Gibsonia
N&C Construction	\$4,500.00	McDonald
Professional Painting Services LLC	\$15,000.00	South Park
Rockstar Marble & Restoration	\$1,500.00	Turtle Creek
Specialty Pool Contractors Inc	\$6,750.00	Pittsburgh
Turko LLC	\$2,250.00	Pittsburgh

As of April, the Bureau collected \$109,985.99 in administrative penalties in 2020 with \$37,266, or 34%, coming from the Western Pennsylvania region. Fines in Allegheny County amounted to \$19,466.00. The 2020 violations in Allegheny County as of April 2020 are as follows:

Company	Fine	City
Professional Painting Services LLC	\$19,466.00	South Park

Documented cases of fraud and labor violations were gathered by trained construction industry professionals after visiting multiple jobsites, and conducting onsite worker interviews. As a result of their investigations it is apparent that local and city taxes are not being collected. The findings are as follows:

**Riverfront Landing Project - \$45 Million Project**

Job Site: Riverfront Landing Riverfront Drive Pittsburgh, PA 15238

General Contractor: NPR Group

Drywall Contractor: Five Star Drywall or JVD Drywall

The drywall contractor for the project, Five Star Drywall or JVD Drywall, had 30 to 70 workers on the site depending on the day. Workers confirmed that the contractor was paying employees \$20.00 an hour or \$200 per day in cash.

**8th and Penn Avenue Apartment Building Project - \$43 Million Project**

Job Site: 8th and Penn Avenue Pittsburgh, PA 15222

Developer: Trek Development

General Contractor: Mistick Construction

Drywall & Interior Subcontractor: GMC Drywall

There are an average of 15 workers working for GMC Drywall on a day-to-day basis. They start at 7:30am and often work until 8:30pm including weekends. The workers are doing piecemeal work with the average pay being \$1.50 per linear foot. Workers are paid by check with no deductions.

**Arsenal Terminal Project - \$75 Million Project**

Job Site: 3901 Butler Street Pittsburgh, PA 15201

General Contractor: Franjo Construction Company

Drywall Contractor: Five Star Drywall

Workers have confirmed that they are being paid \$20.00 an hour in cash and being paid on Wednesdays. There are 10 to 40 workers on the site depending on the day.

**Old Macy's Project**

Job Site: 400 Fifth Avenue Pittsburgh, PA 15219

Developer: Core Realty, Inc.

Drywall Subcontractor: Spartan Drywall

On May 17, 2018, Jose contacted Spartan Drywall owner Dominic Truelove for employment possibilities at the Old Macy's project in downtown Pittsburgh. Mr. Truelove told Jose he would have his foreman; Guillermo Silva contact him. Later that day, Mr. Silva contacted Jose and confirmed that he is a foreman for Spartan Drywall and that he is looking for workers for that project, during their conversation, Jose was able to confirm that Spartan Drywall will pay workers \$9 to \$10 per sheet (to hang) by check with no deductions. Workers who do not have legal papers will be paid cash at a lower rate. Mr. Silva stated that he can provide workers with numbers if needed and I-9's will not be an issue. Mr. Silva was anxious to know how many workers Jose could bring and stated there will be 40 to 50 workers needed for the project. Mr. Silva said Spartan Drywall will be on site by June 1st.

**Cornerstone Village Project - \$132 Million Project**

Job Site: 540 Larimer Avenue Pittsburgh, PA 15206

General Contractor: Mistick Construction

Interior Subcontractor: J.G. Drywall

Broker: Unknown

It has been confirmed "American Building Products" is paying cash to worker Nick \$0.06 per square foot of blown-in insulation and worker Luiz \$0.20 for bat insulation. It has also been confirmed that J.G. Drywall is paying workers in cash or by check with no deductions.

**Parkside Vista Project**

Job Site: 631 Boyce Road Pittsburgh, PA 15205

Construction Manager: Guardian Construction Management

General Contractor: RDC Inc.

It has been confirmed by workers on site including Abie, Jose Reyes, and Jose that they are working for Elder (Broker) and being paid \$25 per hour in cash.

**Hampton Inn Project**

Job Site: Pendleton Way Cranberry, PA 16066

General Contractor: Franjo Construction Company

Interior Subcontractor: Five Star Drywall

Broker: Victor

It has been confirmed by the on-site Five Star Drywall foreman that they are using a broker named Victor. Victor pays workers \$200 per day cash. Pay days are every other Saturday. There are as many as 20 workers currently working on site.

**Stonecrest of Pittsburgh at McCandless Crossing Project - \$35 Million**

Job Site: 8870 Duncan Ave. McCandless, PA 15237

General Contractor: Bridges & Co. Inc.

Developer: Northpointe Development Group

Interior Drywall: Five Star Drywall

Broker: Victor

Victor (broker) is paying cash and is believed to be misclassifying 10-15 workers at this location. They are working various shifts starting at 7am and others at 3pm. The workforce changes frequently.

**Washington Trust Building Project - \$10 Million**

Job Site: 6 South Main Street Washington, PA 15301

General Contractor: Mistick Construction

Developer: Trek Development Group

Interior Subcontractor: GMC Drywall

Broker: Unknown

**Topgolf Project - \$40 Million**

Job Site: 400 Presto Sygan Road

Owner: Topgolf

General Contractor: Arco/Murray

Framing Contractor: A&L Drywall Group LLC

Broker: Alfonso Lopez

There were 15 workers for A&L Drywall working on site. It has been confirmed by multiple workers on site including Flavio Loesa (worker) that the workers are being paid \$22 per hour with no deductions. The workers including Flavio Loesa also stated they are working a lot of overtime including Saturdays and Sundays without overtime pay. In a direct conversation with A&L Drywall Group, owner, broker Alfonso Lopez, he stated he pays his workers \$20 to \$22 per hour by check with no deductions.

**Cranberry Apartment Project**

Job Site: 2000 Garden View Lane Cranberry Township, PA 16066

General Contractor: Elford Construction

Drywall Contractor: Five Star Drywall

Broker: Victor

It has been confirmed by the on-site Five Star Drywall foreman that they are using a broker named Victor. Victor pays workers \$200 per day cash. Pay days are every other Saturday. There are as many as 40 workers at a time working on site.

**Celebration II Project**

Job Site: 27 Allegheny Avenue Oakmont, PA 15139

General Contractor: Brooks & Blair Homes

Drywall Contractor: Colmex Drywall Company

It has been confirmed by workers on site that they are working for Miguel (broker) and are being paid \$200 per day in cash. They also stated they work a lot of overtime with no overtime pay. There are 8 to 12 workers on site.

## Additional Laws and Regulations

The Federal and State governments have gone to great lengths to protect workers in the construction industry and safeguard the collection of taxes owed to the public. However, our investigations and analysis have shown that more needs to be done. Existing regulations include the following:

**Construction Workplace Misclassification Act (Act 72).**<sup>2</sup>: Providing for the criteria for Independent Contractors in the construction industry and for the powers and duties of The Department of Labor & Industry and The Secretary of Labor & Industry.

**Administration and Enforcement of the Construction Workplace Misclassification Act, March 1, 2020.**<sup>3</sup>: If subsequent to issuing an order to show cause under sub-section (c) The Secretary of the Department of Labor finds probable cause that an employer has committed a criminal violation of the act, the Secretary shall refer the matter to The Office of Attorney General for investigation or impose administrative penalties under section 6.

**Prevailing Wage Act.**<sup>4</sup>: Public work means construction, re-construction, demolition, alteration and/or repair work other than maintenance work done under contract and paid for in whole or in part out of the funds of a public body where the estimated cost of the total project is in excess of \$25,000.00 but shall not include work performed under a Rehabilitation or Manpower training program.

**Wage Payment and Collection Law.**<sup>5</sup>: The Act provides that relating to the payment of wages or compensation for the labor or services providing for regular pay days; conferring powers and duties upon The Department of Labor & Industry including powers and duties with the respect to the Civil Collection of wages; providing civil and criminal penalties for violations of the act; providing for their collection and disposition and providing for additional civil damages.

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<sup>2</sup>Construction Workplace Misclassification Act, P.L. 506, No. 72 (2010)  
<https://www.legis.state.pa.us/CFDOCS/LEGIS/LI/uconsCheck.cfm?txtType=HTM&yr=2010&sessInd=0&smthLwInd=0&act=0072.&CFID=341718943&CFTOKEN=27783147>

<sup>3</sup>Oleksiak, W. G. Pennsylvania Department of Labor and Industry. (March 1, 2020).  
*Administration and Enforcement of the Construction Workplace Misclassification Act.*  
Commonwealth of Pennsylvania.

<sup>4</sup> Prevailing Wage Act, P.L. 987, No.442 (1961).  
<https://www.legis.state.pa.us/CFDOCS/LEGIS/LI/uconsCheck.cfm?txtType=HTM&yr=1961&sessInd=0&smthLwInd=0&act=0442.&CFID=341789689&CFTOKEN=68930824>

<sup>5</sup>Wage Payment and Collection Law Act, P.L. 637, No. 329 (1961).  
<https://www.legis.state.pa.us/CFDOCS/LEGIS/LI/uconsCheck.cfm?txtType=HTM&yr=1961&sessInd=0&smthLwInd=0&act=0329.&CFID=341800948&CFTOKEN=51581063>

**Minimum Wage Act.<sup>6</sup>** PA Minimum Wage Act establishes a fixed minimum wage and overtime rate for employees in PA. It also sets forth compliance related duties for The Department of Labor & Industry and for employers. In addition, The Minimum Wage Act provides penalties for non-compliance.

**Apprenticeship and Training Act.<sup>7</sup>** Also known as The Fitzgerald Act, the act established a national advisory committee whose task was to research and draft regulations to establish minimum standards for apprentice programs. The act was later amended to permit The US Department of Labor to issue regulations protecting the health, safety and general welfare of apprentices and to encourage the use of contracts in the hiring and employment of them.

**Prohibition of Excessive Overtime in Health Care Act (Act 102).<sup>8</sup>** Act 102 prohibits a health care facility from requiring employees to work more than agreed to predetermined and regularly scheduled work shifts. Act 102 will not prevent an employee from working more than an 8-hour shift if the shift is agreed to and regularly scheduled.

**Personnel File Inspection Act.<sup>9</sup>** The Personnel File and Inspection Act provides that an employer at reasonable times upon an employee's request, permit the employee to inspect the employee's personnel file used to determine qualifications for employment promotion, additional compensation, termination or disciplinary action. The employer must make the records available during regular business hours where the records are usually and ordinarily maintained. However, an employer may require the employee to inspect records on the free time of the employee.

**Employer to Pay Employment Medical Examination Fee Act.<sup>10</sup>** No employer shall require any employee or applicant for employment to pay the cost of a medical examination or the cost of furnishing any records of such examination required by the employer as a condition of employment.

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<sup>6</sup>Minimum Wage Act of 1968, P.L. 11, No. 5 (1968).

<https://www.legis.state.pa.us/CFDOCS/LEGIS/LI/uconsCheck.cfm?txtType=HTM&yr=1968&sessInd=0&smthLwInd=0&act=0005.&CFID=341787833&CFTOKEN=29282704>

<sup>7</sup>Apprenticeship and Training Act, P.L. 604, No. 304 (1961).

<https://www.legis.state.pa.us/CFDOCS/LEGIS/LI/uconsCheck.cfm?txtType=HTM&yr=1961&sessInd=0&smthLwInd=0&act=0304.&CFID=341765195&CFTOKEN=69173171>

<sup>8</sup> Personnel File Inspection Act, P.L. 1376, No. 102 (2008).

<https://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=2008&sessInd=0&act=102>

<sup>9</sup><https://www.legis.state.pa.us/CFDOCS/LEGIS/LI/uconsCheck.cfm?txtType=HTM&yr=1978&sessInd=0&smthLwInd=0&act=0286.&CFID=341718943&CFTOKEN=27783147>

<sup>10</sup> Employer to Pay Employment Medical Examination Fee , P.L. 453, No. 225 (1961).

<https://www.dli.pa.gov/Documents/Regulations/llc/mefl.pdf>



**The Equal Pay Law.<sup>11</sup>** Equal Pay Act makes it illegal for employers to pay women lower wages than men for equal work on jobs requiring the same skill effort and responsibility. The act provides for a cause of action for an employee to directly sue for damages.

**Construction Industry Employee Verification Act.<sup>12</sup>** Prohibits the employment of unauthorized employees; requires construction industry employers to verify the social security numbers of employers and impose penalties. The Act goes into effect on October 7<sup>th</sup>, 2020. All employers in the construction industry in PA will be required to use E-Verify The Federal Governments program that allows enrolled employers to confirm eligibility of their employees to work in the United States.

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<sup>11</sup> The Equal Pay Law Act, P.L. 1913, No. 694 (1959).

<https://www.legis.state.pa.us/CFDOCS/LEGIS/LI/uconsCheck.cfm?txtType=HTM&yr=1959&sessInd=0&smthLwInd=0&act=0694.&CFID=341784470&CFTOKEN=53422927>

<sup>12</sup> Construction Industry Employee Verification Act, P.L. 454, No. 75 (2019).

<https://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=2019&sessInd=0&act=75>

# RECOMMENDATIONS

## I. Further defining PLI Rules and Regulations around Contractor Permitting and Licensing.

### Why is this needed?

The suggested recommendations are necessary to deter construction industry contractors from operating unlawfully, and taking advantage of the current regulatory process in place. In efforts to cut costs and increase profit margins many contractors have resorted to operating unlawfully without the fear of consequences. We must update our Rules and Regulations regarding the permitting process, impose stronger civil penalties and increase enforcement, or these unscrupulous contractors will continue to exploit their workers, cut both public and employee safety measures, commit wage theft, misclassify their workforce, and fail to pay Federal, State, and much needed Local Taxes. This unlawful business model not only effects the worker, it places legitimate contractors at a huge disadvantage when bidding work. These legitimate contractors are being forced with the decision to join in on the illegal activity or simply go out of business. Allowing this unlawful practice to continue will decimate the multibillion-dollar construction industry and result in the loss of millions of tax dollars and thousands of jobs here in Pittsburgh.

### What does it do?

Provides an expanded definition to be more inclusive of the types of employers who misclassify employees. Such a change would also include mechanisms for general contractors or permit holders to be penalized for violations and would require contractors to carry additional insurance.

### Vision and Recommendations

The Task Force recommends that the Department of Permits, Licenses, and Inspections update their Rules and Regulations policies to expand the definition of Construction Contractors to be more inclusive of the various roles that subcontractors can play in the labor process and to restrict the ability for sub-contractors to misclassify employees. To complement this expanded definition, it would be imperative to also further define the criteria for the suspension or revocation of any license for failure to notify the relevant regulatory bodies of all workers permitted on the project. This would include a civil penalty for failure to comply and a requirement to have additional insurance for contractors.

Pursuant to the Pittsburgh City Code, Title VII Business Licensing, the Department of PLI. Further defining Construction Contractors as follows:

*Any person, business, corporation, partnership, sole proprietorship, labor broker, or other entity that does not perform work exclusively for one entity and agrees to conduct construction work for the City of Pittsburgh and or its component units specified under the terms of a contract. The term construction contractor must also include any tier of*

*subcontractors of any tier such that a person, business labor broker, or other entity which has a contract with a contractor to provide some portion of the work services on a project which the contractor has agreed to perform shall be classified as such including but not limited to labor brokers who hire employees and sell the services of the employees to another employer.*

Further defining criteria for the suspension or revocation of any license to include the failure of the general contractor and or building permit holder to notify the Pennsylvania Department of Labor and Industry and Pittsburgh Department of Finance of all construction contractors working on the permitted project.

Imposing a civil penalty based on a percentage of the total cost of the project for each violation of Article VI, Section 2A regarding the obligation to report construction contractors to the Pennsylvania Department of Labor and Industry and Pittsburgh Department of Finance.

Construction Contractors are required to carry the proper insurance Pursuant to The Pittsburgh City Code, Title VII Business Licensing, the Department of PLI.

### **Immediate Goal**

- Convene a working group of the Department of Permits Licenses and Inspections, Mayor's Office, to review the Department's Rules and Regulations and all relevant sections of the City Code.

### **Short-Term Goals**

- Engage a working group to change the Department of Permits, Licenses, and Inspections policies and to explore possible legislative changes.
- Develop means for communicating changes with stakeholders and the construction industry.

### **Mid-Term Goals**

- Update the Department of Permits, Licenses, and Inspections Rules and Regulations.
- Enact legislative changes—if necessary.

## **II. Strengthen Regulations on use of Public Subsidies**

### **Why is this needed?**

The City of Pittsburgh provides citywide tax abatements for commercial and residential developments. Recipients of these abatements are required to provide targeted public benefits, such as affordable housing units and jobs.

### **What does it do?**

Provides the City with a resource that can be used in the event a complaint is brought to the City. The resource can quickly and effectively allow for a thorough investigation.

### **Vision and Recommendations**

Any contractor or developer who receives a public subsidy from the City of Pittsburgh is required to report all workers who are on the project site. Failure to do so would include a penalty and barred from receiving any future subsidy.

### **Immediate Goal**

- Convene stakeholders to review existing policies and initiate processes to make internal policy and legislative changes.

### **Short-Term Goals**

- Develop mechanisms to track compliance.

### **Mid-Term Goals**

- The Office of the Controller and Department of Finance will need to regularly audit the compliance of the proposed change.

## **III. Staffing within the Department of Finance and the Office of the Controller.**

### **Why is this needed?**

Relevant entities will need dedicated staff to help regulate and investigate issues relating to construction industry fraud. They may also need specialized expertise and skills.

### **What does it do?**

Provides capacity to relevant Departments and Offices, which will allow them to effectively execute their oversight obligations.

### **Vision and Recommendations**

To adequately enforce regulations that are currently on the books and to inspect project financials and work sites, the Department of Finance and the Office of the Controller will need to increase their capacity by hiring new employees.

City should invest in hiring staff in relevant Departments and the Office of the Controller to take on the responsibilities of robust oversight.

### **Immediate Goal**

- ⊘ Develop job descriptions if no such position current exists with the Department or Office.
- ⊘ Create a fiscal impact statement for each position.

### **Short-Term Goals**

- ⊘ Work with Administration and City Council to ensure that the positions are included in the City's Operating Budget.

### **Mid-Term Goals**

- Recruit and hire for new positions.

## **IV. Create Incentives for Workers on a Project to Report Labor Violations.**

### **Why is this needed?**

Workers on a job see and experience the labor relations and business practices that are often not immediately seen by the regulators. The City should work to create incentives and a process that will encourage and allow workers to report labor violations. Protections will need to be afforded to workers reporting violations to make sure they are comfortable presenting this information to the City and do not have to fear retaliation from their employer.

### **What does it do?**

To provide workers with protection against retaliation or discrimination from their employer.

### **Immediate Goal**

- ⊘ Review existing laws and regulations.
- ⊘ Identify opportunities for change.

### **Short-Term Goals**

- ⊘ Convene working groups of City Department's and those with relevant experience to identify and develop incentives, process, and protections.

### **Mid-Term Goals**

- Draft process and implement.
- Develop rules and regulations.

## **V. Evaluate and Amend Office of Management and Budget Contracting Process.**

### **Why is this needed?**

The Office of Management and Budget develops contracts with construction companies and developers to perform City services. The legal agreements signed by the City and contractors are another opportunity for the City to safeguard the public interest and institute new means of oversight.

### **What does it do?**

By including new language in City contracts that stipulates that contractors performing City services must abide by certain labor and reporting standards, the City will have the legal authority to require targeted behavior from contractors.

### **Vision and Recommendations**

The Office of Management and Budget needs to strengthen the language of their contracts to provide for penalties related to labor violations. Penalties should be structured to have multiple tiers based on the severity and frequency of violations. The Joint Task Force would like to see a 30 day Stop Work Order for the first violation. Additional tiers of penalties and fines for subsequent violations need to be stringent to be meaningful and not see as the cost of doing business with the City.

### **Short-Term Goals**

- € Convene working group to identify opportunities for change.
- € Draft policies (and legislation, if necessary) to strengthen the contracting process and to provide penalties for labor related violations.

### **Mid-Term Goals**

- € Institute changes.
- € Promulgate new regulations.

### **Long-Term Goals**

- € Review for compliance.

## **VI. Building Stronger Relationships with Municipal Court Judges.**

### **Why is this needed?**

The local magisterial district courts have the sole authority to levy fines and impose penalties on individuals and companies that violate the City of Pittsburgh's laws and regulations. Any

changes made to the City's laws and regulations must be communicated to the judges of the magisterial courts.

**What does it do?**

Ensures that the City and the Courts have an open line of communication when it comes to the intent and details of new laws and changes to City policy.

**Vision and Recommendations**

The City of Pittsburgh will convene a meetings with the municipal court judges to discuss the issues and communicate any changes to City regulations or laws

**Immediate Goal**

- Organize a meeting of Pittsburgh municipal judges.

## APPENDIX A: City of Pittsburgh Legislation

### Resolution 2019-1194 Establishing the Joint Task Force on Construction Industry Fraud

Resolution authorizing the Mayor to establish and convene the Joint Task Force on Construction Industry Fraud.

WHEREAS, the City of Pittsburgh has municipal ordinances to protect the health, safety and livelihood of its residents and persons performing services within its limits; and

WHEREAS, construction businesses have been adopting unfair trade practices, including tax fraud, which violate those ordinances; and

WHEREAS, those violations can threaten the health and safety of construction workers and others, and disadvantage and, thus, threaten the viability of businesses acting lawfully within the City; and

WHEREAS, those violations can harm City revenues needed for the public good and operation of the City and unfair construction trade practices also violate City contracts or other construction agreements; and

WHEREAS, it is the policy of the City to promote fairness, combat discrimination and protect the welfare of all within its limits; and

WHEREAS, the construction industry is vital to the health of the economy and middle class of Pittsburgh. In 2017, construction accounted for over 57,000 jobs and grew by 7.3 percent, the fastest of any other industry.

WHEREAS, violations of ordinances in the construction industry frequently include the failure to comply with the payment of proper wages that make it difficult for construction workers and their families to reach and maintain a middle-class livelihood.

Be it resolved by the Council of the City of Pittsburgh as follows:

#### Section 1. PURPOSE

A. The Mayor is hereby authorized and directed to establish the Joint Task Force on Construction Industry Fraud (hereinafter referred to as the “Joint Task Force”).

- All members of the Joint Task Force must be residents of the City of Pittsburgh
- The purpose of the Joint Task Force is to provide recommendations to the Mayor and City Council on relevant issues.

#### Section 2. DEFINITIONS



A. Construction: defined as the building, reconstructing, improving, enlarging, demolition, altering, maintaining and repairing of a structure attached to real property.

### Section 3. MEMBERSHIP

A. The Joint Task Force shall be comprised of members from:

- City of Pittsburgh City Council
- City of Pittsburgh Office of the Mayor
- Allegheny County District Attorney's Office
- Pittsburgh Regional Building and Construction Trades Council
- Pennsylvania Department of Labor and Industry
- Office of City Controller
- Department of Permits, Licenses and Inspections
- And other groups to be determined.

### Section 4. POWERS AND DUTIES

- The Joint Task Force shall meet at quarterly.
- Review existing programs and practices.
- Advise and provide studies and recommendations to the Mayor and City Council.
- The Joint Task Force shall create a report with any recommended code and/or policy changes to protect businesses and their workers against tax fraud and unfair construction industry trade practices.
- A report shall be sent to City Council and filed by the City Clerk.

### Section 7. EFFECTIVE DATE

A. The effective date of this Resolution shall be considered to be immediately upon being signed by the Mayor, after being finally passed by City Council.

## Resolution 2019-1865

Resolution directing the Department of Permits, Licenses, and Inspections and the Department of Finance to establish guidelines to ensure that all contractors on publicly-owned projects are properly licensed.

WHEREAS, the City of Pittsburgh recognizes the importance of collecting appropriate fees from contractors that perform construction and associated activities to generate sufficient revenue to offset compliance and enforcement activities; and

WHEREAS, the City has the authority to take the necessary steps to preserve its vested interest in the securing are public safety, health, and welfare through a rigorous and systematic regulatory program dedicated to the oversight of the structural strength and stability, means of egress, adequate light and ventilation and safety to life, limb and property from fire and other hazards, incident to the design, construction, alteration, repair, removal, demolition, use or occupancy of buildings or structures and their appurtenant equipment; and

WHEREAS, prioritizing such efforts, the Department of Permits, Licenses, and Inspections has been endowed and entrusted with the power to direct, supervise and control the erection, construction, enlargement, alteration, repair, equipment arrangement, maintenance, inspection, lighting, heating, ventilation, use, occupancy, removal and demolition of buildings, parts of buildings, structures, premises and appurtenances thereto and appliances, apparatus, facilities, systems, and conditions in, or about them; and

WHEREAS, the City Treasurer, working in conjunction with the Department of Finance and acting as its head and Director, is charged with the administration and enforcement of the provisions of Municipal Code of Ordinance's Fiscal Title, and is thereby empowered to prescribe, adopt, promulgate and enforce rules and regulations relating to any matter pertaining to the administration and enforcement thereof; and

WHEREAS, it's of material benefit to the welfare of its citizenry that the City works to track, regulate, and approve of construction-related activities performed by contractors such that all such work should be performed by those who are appropriately licensed and monitored, and whose conduct is standardized so as to be in line with industry norms and the utmost safety practices; and

WHEREAS, the City intends to minimize the safety threads imposed by unlicensed and / or unauthorized contractors by reevaluating and improving upon its existing licensing and oversight mechanisms as they relate to contracts awarded for work on City of Pittsburgh and / or Urban Redevelopment Authority of Pittsburgh construction projects.

The Council of the City of Pittsburgh hereby resolves:

### Section 1. PURPOSE

- The purpose of this Resolution is to provide standards for construction contracting that protect public health and safety and ensure compliance with applicable industry codes

and standards by establishing appropriate licensing requirements and enforcement procedures for contractors performing construction work, as defined herein, on public projects within the jurisdictional boundaries of the City of Pittsburgh.

- This Resolution promotes the health and safety of the public and protects revenue owed from licensing fees, permit fees, and applicable tax requirements by requiring firms operating in the construction industry to obtain licenses before performing construction work as defined by this Resolution.
- The policy shall only pertain to public projects undertaken by contractors as part of a contract to which the City of Pittsburgh and / or the Urban Redevelopment Authority of Pittsburgh are party.
- No person or business entity of any type shall act as a contractor unless the person or entity possesses a current and valid license issued by the Department of Permits, Licenses, and Inspections.

## Section 2. DEFINITIONS

A. Contractor. Any person, business, corporation, partnership, sole proprietorship, or other entity that

does not perform work exclusively for one entity and agrees to conduct work for the City of Pittsburgh and / or the Urban Redevelopment Authority of Pittsburgh as specified under the terms of a contract.

1. For the purposes of this Resolution, the term contractor shall also include any tier of subcontractors of any tier such that a person, business, or entity which has a contract with a contractor to provide some portion of the work or services on a project which the contractor has agreed to perform shall be classified as such.

B. Construction. The demolition, erection, improvement, rehabilitation, remodeling, renovation, repair, or other alteration of any building, structure, real property, or appurtenance thereto, including, but not limited to, the following specifications:

1. Demolition. Labor activities including, but not limited to, structural dismantlement, site clearance, environmental remediation, salvage, recycling, deconstruction, and industrial recovery.

i. The following activities shall be considered acts of demolition for the purposes of this Resolution:

1. The disassembly demolishing of spaces within a structure;
2. The breaking-down of structures or facilities used in the production of goods;
3. The partial or complete dismantlement of commercial properties; and
4. The razing of a structure in order to maximize the amount of potentially recyclable materials from the building; and

Erection. The building up of anything constructed or raised with a fixed location on the ground, not including repairs, alterations, enlargement, or removal; and

Improvement. Any permanent structure or work on real property, which increases its value or extends its useful life beyond standard acts of replacing, repairing, or restoring aspects of the real property, including an addition to or alteration of a capital asset, which either increases its value or extends its useful life; and

Rehabilitation. The process of returning real property to a state of utility, through repair or alteration, which, when completed, makes standard operation possible and limits the need for additional work or major expense over and above normal maintenance necessary for efficient and contemporary use while preserving historic, architectural and cultural values of the property where appropriate; and

Remodeling. The changing of the appearance, function, or form of an aspect of built environment, including, but not limited, those activities associated with addition, conversion, or modernization of property; and

Renovation. The process by which a major component or substantial structural part of real property is altered and improved to such an extent that it:

- i. Materially increases the value of the property;
- ii. Substantially prolongs the useful life of the property; or
- iii. Adapts the property to a new or better use; and

Repair. The restoration to former condition or appropriate operating order.

Other Alteration. The performance of any building, excavation, or mining operation, the Economic Development making of any substantial change in the use or appearance of any structures or land, or the creation or termination of rights of access or riparian rights not otherwise described herein. C. Departments. The Department of Permits, License, and Inspections and the Department of Finance.

### Section 3. POLICY

A. The Departments shall produce a policy that requires all contractors on a project to have the appropriate licenses to work in the City of Pittsburgh and allows for a robust verification and / or monitoring system thereof as appropriate and necessary to the successful completion of such activities.

1. The Departments shall reevaluate and improve upon its existing licensing processes if such modifications are required for the accomplishment of the directives enumerated in this Resolution.

- The Departments shall have thirty (30) days to develop the policy.
- The City of Pittsburgh's Construction Industry Tax Fraud Task Force shall be consulted after the development of this policy.

1. The Departments shall solicit and incorporate input from the Task Force as the Departments' Directors see fit.

#### Section 4. EFFECTIVE DATE

This Resolution shall become effectively immediately after being finally passed by City Council and signed by the Mayor.

# APPENDIX B: PLI RULES AND REGULATIONS

*Rules and Regulations pursuant to the Pittsburgh City Code, Title VII Business Licensing*

*Effective November 15, 2018  
Amendments, effective April 15th,  
2019*

## Applicability

The City of Pittsburgh Department of Permits, Licenses and Inspections (hereinafter "PLI") enforces Title Seven, Title Ten, and Title Nine of the Pittsburgh City Code (hereinafter referred to as the "PCC," the "Code," and/or the "City Code"), as amended. PLI's License Officer is required to promulgate and enforce reasonable rules and regulations necessary to the operation and enforcement of Title Seven, Business Licensing (PCC § 701.03(a)(1))<sup>1</sup>. The *Rules and Regulations* herein apply to all business and trade licensing within the jurisdiction of the City of Pittsburgh (also referred to herein as "the City") that are issued and enforced by PLI. Policies and the like not outlined in the PCC, Title Seven and the *Rules and Regulations* herein shall be at the discretion of the License Officer.

### Availability of Rules and Regulations

The License Officer shall ensure that a copy of the *Rules and Regulations* is kept at PLI's office at all times and is available as reference for employees and the public. Licensees are solely responsible for ensuring that they and, if applicable, all of their partners, employees, subcontractors, etc., read, understand, and comply with the *Rules and Regulations* herein.

### Definitions and Abbreviations

**Applicant.** A person applying for a license issued by PLI.

**Business.** The name of the business and, where applicable, the address where the licensed business activity shall take place. Applicants and licensees will also provide the type of business—online applicants will be prompted to select the type of business from a list.

**Contractor license.** A license provided to a business as defined by the *Rules and Regulations* for the purpose of obtaining building permits issued by PLI that do not require a trade license.

Effective Date(s) of Rules and Regulations. The date(s) on which these *Rules and Regulations* and amendments go into force and effect.

Effective Date of License. The first date on which the business license is in effect and licensed business can occur.

Expiration Date. The date on which a license or certification is no longer valid and connected business must cease unless the license is renewed.

Grace Period. A time frame after the expiration date in which a licensee seeking renewal may be delinquent in their license fees and requirements, but may apply to renew their current license following satisfactory completion of all renewal requirements. The amount of time of the grace period varies depending on the type of license as defined in the *Rules and Regulations*.

Issuance Date. The date that the license requirements were initially satisfied and the license ready to be printed.

Lapse. A license which has expired and surpassed its allotted grace period. All licensees that allowed their license(s) to lapse are required to apply for a new license and meet all new license requirements at the time of new application.

Legal Entity. The legal name that is connected to a business or person and their associated City of Pittsburgh tax identification number.

License. A permit from PLI granting authority to carry on a trade or to perform an applicable, corresponding business operation.

Licensee. A license holder for any use or period of time of any special privilege granted relevant to any provision of Title Seven. The person(s), business(es), or legal entity(ies) actually performing and/or immediately and directly supervising the work for which a license is required must possess and maintain a license in accordance with the *Rules and Regulations* and the PCC.

License Officer. The Director of PLI who is empowered by the PCC to delegate authority to any other PLI officer or employee.

Most Recent Issue Date: The date that the license was most recently issued as recorded on the official license document.

“PLI.” Abbreviation for the City of Pittsburgh Department of Permits, Licenses and Inspections

“PCC.” Abbreviation for and reference to the City of Pittsburgh Code of Ordinances (also referred to herein as the “Code” and the “City Code”). This Code of Ordinances is free and available to the public at [www.municode.com](http://www.municode.com).

Revocation. The act of cancelling and closing a license. Revocation of a license is determined by the License Officer.

Suspension. A temporary hold on a license, during which a Licensee may not resume business activity related to the license, including but not necessarily limited to work on permits, until the terms connected to the suspension are satisfied, if applicable.

Suspension periods are determined by the License Officer.

Trade License. A license provided to an individual based on satisfactory education and experience in a given trade as determined by the License Officer.

### **Non-Discrimination & Reasonable Accommodations**

The License Officer shall not permit any rules, policy, or action, express or implied, which discriminates on account of race, color, religion, national origin, sex, sexual orientation, gender identity or expression, disability, or any other classification identified in the Pittsburgh Anti-Discrimination Ordinances (PCC Title Six, Article V).

For all rules and regulations articulated herein and all services provided by PLI, applicants and licensees may request reasonable accommodations due to a disability as defined by the Americans with Disabilities Act, as amended, by communicating the need for the accommodation to the License Officer in writing. The License Officer shall respond to the request within three (3) business days. For purposes of making a reasonable accommodation request, the Licenses Officer can be contacted at: 412-255-2979.

## **General Provisions**

### **Compliance**

At the time of application for and throughout the entire duration of the license, all licensees must conform to the requirements articulated in the *Rules and Regulations* and the PCC for obtaining and maintaining a license.

### **Fees**

- A. Payment of License Fee(s) and Issuance of Licenses:** Prior to the issuance of a new license and/or renewal of a license, 1) any and all license fees connected to obtaining and/or renewing a particular license must be paid in full, and 2) the applicant/licensee must satisfactorily complete all license requirements.
- B. Promulgation of License Fees:** At least annually, PLI shall post a license fee schedule. The license fee schedule will be posted on PLI’s website and at PLI’s office. Copies of the fee schedule are available at PLI’s office and website.
  - a. New License Fee:** A fee for a new license. New license fees apply to new license applications, including license holders who have allowed their license to lapse and have applied for a new license.



- b. **Renewal License Fee:** A fee for a renewed license. Renewal license fees apply to each and every license that is renewed in good standing prior to the end of the grace period.
- c. **Renewal License Penalty Fee:** A renewal penalty shall be assessed for each and every license not renewed by the license expiration date but before the end of the allotted grace period.
- C. **Adjustment of License Fee:** When the status of the licensee changes to place the licensee in a different classification that corresponds with increased license fees, then the licensee must pay the corresponding fee increase (PCC § 701.07 (a)). There will be no adjustment to decrease license fees.

### Payment Standards

PLI shall only accept payment in the form of checks, e-checks, money orders and credit and debit cards. PLI shall not accept payment in the form of cash.

### Checks and Money Orders

- a. Checks and money orders must be made payable to “Treasurer - City of Pittsburgh.”
- b. No more than five (5) application fees may be included in one check or money order.

Applicants who provide incomplete applications or incorrect check or money order amounts shall be subject to a hold on the processing of

any applications until the transaction or application requirements are met.

- a. If correction of incomplete and/or incorrect applications and/or transactions is/are not received by PLI within three (3) business days of receipt of the noncompliant application and/or payment, checks and/or money orders shall be returned to the applicant’s last recorded mailing address.
- B. If the full amount for a license is due, PLI will not accept partial payment(s).
- C. PLI will accept a payment for a license and a separate payment for a late fee at one time. Licenses will not be processed and/or issued unless all costs associated with the license, including any late fees, “not sufficient funds” (“NSF”) fees, and any other fees connected to the applicant are paid in full.
- D. Funds provided to PLI that are incorrect will be rejected and sent back to the applicant.
- E. For each check returned from the bank due to “not sufficient funds (NSF),” applicants will have to pay a fee as listed in the fee schedule.
- F. Applicants who have had two (2) returned checks due to insufficient funds will be required to provide payment via money order thereafter.
- G. PLI will not accept funds in excess of fee amounts due.
- H. PLI will not accept payments over-the-phone.

### **Proration**

Where applicable and specified in these *Rules and Regulations*, PLI will calculate and assess to the applicant/licensee a pro-rated fee for additional costs associated with business license amendments. There will be no adjustment to decrease license fees.

### **Refunds**

License fees are nonrefundable unless the fee or any part thereof was collected in error, as determined by the License Officer.

#### **Refund Requests**

- a. Refund requests must be made in writing via email or letter to the License Officer.
- b. The License Officer will review requests on a case by case basis.
- c. The request must include:
  - i. An explanation of the reason for the request;
  - ii. The license number;
  - iii. The licensee's name; and

The licensee's contact information.

### **Posting Licenses**

Licenses issued by PLI shall be posted by the Licensee in a conspicuous location where the public can easily see and read them without difficulty or need of assistance.

Licenses will contain electronic codes (QR codes), which must be made visible and easily accessible to scan by anyone (customers, general public, government employees, inspectors, etc.) without assistance.

### **License Inspections**

- A. From time to time, PLI will inspect licensed business premises to ensure compliance with requirements for license-connected business activity. Obstruction or denial of entry for authorized inspections shall be considered grounds for suspension or revocation of a license.
- B. License inspections may be made at the time of a new license application, license renewal, receipt of complaint, or at any time during the duration of a license.

Trade licensees must carry a copy of their PLI-issued trade license at all times while performing work under permits issued by PLI. Inspections of the trade license may be made at any time at the job site as required.

## Applications & Processing

### **Applications for Licenses Issued by PLI**

The License Officer shall create forms, and maintain applications, forms, and records completed or provided by applicants and licensees for all licenses issued and enforced by PLI.

- A. Per the PCC, the License Officer shall prescribe the manner of submission of all applications, which is set forth in the PCC and these *Rules and Regulations*.
- B. Applicants shall submit applications either electronically through the PLI license and permit portal known herein as “One Stop PGH” or by paper to PLI. Applicants may only submit PLI-approved forms and not forms of their own creation.
- C. Applications not submitted electronically through One Stop PGH will be input by PLI staff. In these circumstances PLI staff will be inputting the applications; however PLI staff will not be creating user accounts for applicants/licensees.
- D. Applicants may bring their completed paper applications to the PLI service counter or mail their applications to PLI, where they will be input through One Stop PGH by PLI staff.
- E. Incomplete applications submitted and abandoned for 60 days after a final requests for requirements will be closed and all fees forfeited.
- F. Businesses submitting more than five (5) applications in a calendar year must do so online through the OneStopPGH customer portal.

### **Correspondence from PLI to Licensees**

The License Officer may send to all Licensees correspondence that includes any information the License Officer deems relevant.

If applicants/licensees have created a One Stop PGH user account, they may choose to receive electronic correspondence from PLI regarding upcoming license expiration(s) or the expiration of certifications that are connected to their license(s).

Applicants/licensees who do not have One Stop PGH user accounts cannot choose to receive electronic correspondence.

Applicants/licensees are responsible for creating their own One Stop Shop PGH user accounts.

### **License Start Date, Renewal Date, and Expiration Date**

New license applicants may choose a license start date that is up to sixty (60) days in the future from the date of the application/request.

- G. Licensees may not request a start date for a date that occurred prior to the date of the application.

- H. Unless otherwise outlined in the PCC or *Rules and Regulations*, all yearly licenses expire 365 days from the license start date. For example, a license with a start date of July 1, 2018, will expire on June 30, 2019.
- I. Current licensees can renew their licenses up to forty-five (45) days before the expiration date.
- J. Renewed licenses will start on the first day after the expiration date of the license being renewed.

**License Process**

After receiving an application, PLI will check the application for completeness.

- K. PLI will inform the applicant of any application requirements that have not been satisfied.
- L. Information regarding incomplete applications shall be housed on the One Stop PGH Customer Portal.
- M. Once the applicant provides all necessary documentation and information and meets all application requirements, PLI will process the application.
- N. While processing the application, PLI may conduct inquiries and inspections.
- O. After successfully completing all application requirements and paying all license fees in full, and passing inspection where applicable the license will be approved and available for printing by the applicant.

**Rejection or Closure of License Application**

- P. The License Officer shall not issue a license if it is determined that the proposed activity at the proposed location (PCC § 701.06):
  - a. Will be detrimental to or endanger the public health, safety, morals, comfort, or general welfare;
  - b. Will be injurious to the use and enjoyment of other property in the immediate vicinity of the proposed use; and/or
  - c. Is not of a nature and type that is suitable for the licensed activity.
- Q. If an applicant requests a business license and the application fails inspection three (3) times for the same reason(s):
  - a. The application will be rejected and closed, and,
  - b. Any funds paid in connection to the application and/or license will be forfeited.
- R. If an applicant who requests a business, contractor or trade license is required to provide additional "Required Document Types" (see Appendix 1 for a list of Required Document Types) or related information that is needed to process and adjudicate the application/license and fails to do so three (3) times either for the same or related, requested documents or information:
  - a. The application will be rejected and closed; and
  - b. Any funds paid in connection to the license will be forfeited.
  - c. The applicant may reapply and must again pay the license fee(s) per the fee schedule.

- S. If a trade license applicant requests a license but cannot meet the educational or experience requirements, the application will be closed and any fees paid will be forfeited.

### **License Amendments**

Amendments are corrections or changes to licenses. If a licensee wants to amend their license(s) to correct an error or update their record, the licensee may do so free of charge.

- T. Amendments to a license pertaining to a change in a numeric count relevant to the license fee should take place prior to license renewal application. Renewal applications should not be submitted until the amendment application is approved.
- U. For Trade Licenses, any amendment(s) to the license(s) regarding corporate information or contractor relationship(s) will affect and apply to all open permits.
- V. For Business Licenses, a change of business operation(s) location, for licensed activity that occurs in a fixed location, is not considered an amendment and requires a new application to ensure proper adherence to valid occupancy and license requirements.

### **License Closure**

PLI will close licenses that are lapsed. If a licensee wishes to close their business or end their trade activities, then:

- W. The licensee must notify PLI;
- X. Upon receiving that notice, PLI will close the license;
- Y. The licensee may also close their own license via One Stop PGH; and
- Z. Any permits issued by PLI related to the trade license activity will be suspended until a new trade license is connected to the permitted work. Any fees paid will be forfeited.
- AA. Unless otherwise stated in Title Seven of the PCC, a license cannot be transferred to another person (PCC § 701.10).

Expired licenses cannot be closed and will remain in expired status.

## **Minimum Requirements of All Applicants and Licensees**

All applicants and licensees must meet the following qualifications (PCC § 701.09):

### **Good Standing**

Applicants and licensees must be in good standing in their license and payment history (PCC § 701.01).

- A. It is the responsibility and duty of applicants and licensees to maintain all requirements of their applications and licenses without notice from the License Officer and/or PLI.
- B. It is the responsibility and duty of applicants and licensees to renew on time and make payment(s) without notice from the License Officer and/or PLI.

## **Tax Compliance**

Unless otherwise exempt in the PCC or these *Rules and Regulations*, applicants and licensees must be current with or in a payment plan for all applicable tax obligations to the City of Pittsburgh (PCC § 701.04 (a) (3)) to be eligible to obtain a PLI license. The License Officer may ascertain from the City Department of Finance whether the required compliance has been obtained. It is the responsibility and duty of applicants and licensees to be current in their City of Pittsburgh tax obligations and to secure proper notice from the Department of Finance as directed by the License Officer showing tax compliance in order to be eligible to obtain a PLI license.

## **Standards of Conduct**

Applicants and licensees must adhere to good standards of conduct (PCC § 701.09), which include that licensees shall:

- C. Permit all reasonable inspections of their business and examination of books by public authorities as authorized by law.
- D. Ascertain and at all times comply with all laws, ordinances and regulations applicable to the licensed business.
- E. Avoid all unlawful, prohibited, improper or unnecessary practices or conditions which do or may affect the public health, morals or welfare.
- F. Refrain from operating the licensed businesses on premises after license expiration and/or during any period of revocation or suspension.

## **License Display**

Licensees must prominently and appropriately display on the premises where the licensee is doing the work or carry on their person the license and/or insignia issued by PLI that is necessary for the licensed activity (PCC § 701.09 (b)).

## **Age Requirement**

Applicants and licensees must be at least eighteen (18) years old or older for licenses. Applicants must be twenty-one (21) years old or older for certain licenses based on licenses type (Rule VII). In order to verify age, applicants must provide a copy of a current, unexpired government issued photo ID that shows the applicant's date of birth, such as a driver's license, photo identification card, or passport.

## **Insurance Compliance**

### **G. Maintaining Current Insurance(s)**

All licensees shall maintain general liability insurance and workers' compensation insurance unless otherwise exempt in these *Rules and Regulations* (PCC § 701.04(a)(5)).

- a. If vehicle(s) is/are used to conduct licensed business, licensees shall maintain vehicle insurance(s).
- b. Contractor businesses that connect to trade license holders for the purposes of obtaining a permit must list the trade license holder on the required Certificate of Insurance.
- c. Insurances must include a written, signed statement that the licensee shall hold harmless the City of Pittsburgh, its officers, agents and employees and shall indemnify the City of Pittsburgh, its officers, agents and employees for any claims of damage to property or injury to persons, which may be occasioned by any activity carried on under the terms of the license.
- d. Licensees shall furnish and maintain such public liability, food products liability, and property damage insurance as will protect the licensee and the City from all claims for damage to property or bodily injury, including death, which may arise from operations under the permit or in connection therewith. Such insurance shall provide coverage for bodily injury for each person, for each occurrence and for property damage per occurrence, as prescribed by the License Officer. Such insurance shall be without prejudice to coverage otherwise existing therein, and shall name as additional insured the City of Pittsburgh, its officers and employees, and shall further provide that the policy shall not terminate or be cancelled prior to the expiration date of the permit without thirty (30) days' written notice to the License Officer.

### **Certificate of Insurance**

Upon application, all applicants must provide a valid Certificate of Insurance for any and all applicable insurance(s). At the time of application, applicants must provide insurance certificates that expire no less than thirty (30) days from the license start date. If the applicant cannot provide a copy of such a certificate, PLI will accept other documentation from the insurer verifying that the insurance will expire in no less than 30 days from the license start date.

Throughout the duration of the license, all licensees must maintain valid insurance(s) and maintain an updated, accurate, and valid Certificate of Insurance.

The City of Pittsburgh shall be listed as certificate holder on any and all certificates of insurance.

The Certificate of Insurance must indicate current coverage for comprehensive general liability, workers' compensation and automobile liability when applicable. In determining whether the general liability insurance coverage amount meets the requirements set forth in PCC § 701.04(a)(5) and Rule IV(6)(A)(d) that it fully cover all claims for damage to property or bodily injury, including death, PLI will consider current, prevailing insurance industry practices and standards and the nature and scope of the licensed/permitted activity. The certificate of insurance must also include a contact name and phone number of the insurance broker or agent. The City of Pittsburgh shall be listed as certificate holder.

In addition, as directed by the License officer, licensees may be subject to include the City of Pittsburgh as additional insured on all certificates of insurance.

In this case, unless the applicants'/licensees' general liability insurance includes blanket coverage for all additional insureds, in addition to providing a Certificate of Insurance, applicants/licensees shall provide a valid, signed endorsement letter from their insurance provider that verifies and confirms that the City of Pittsburgh has been named in the insurance policy as an additional insured.

### **Workers' Compensation Insurance**

All applicants must provide upon application valid and current workers' compensation insurance that meets Pennsylvania Statutory Requirements where applicable. The City shall be listed as certificate holder on all certificates of insurance.

If an applicant or licensee does not have any employees, the applicant or licensee must complete a notarized affidavit attesting that they have no employees and are exempt from the Pennsylvania Workers' Compensation Act. *Notarized affidavits attesting that a licensee does not have any employees must be provided annually.* A copy of the affidavit is included in Appendix 4 and is available at PLI's website and office. If a licensee completes an affidavit of exemption from workers' compensation insurance and has hired or does hire one or more persons to perform work, until the workers' compensation insurance requirements are met, that licensee's license is subject to suspension as defined in Rule IV.



### **Rejection of Applications Due to Insufficient Insurance Coverage**

PLI will reject applications with insurance(s) that expire(s) in less than thirty (30) days from the license start date and will require updated proof and documentation of current, valid insurance. The insurance expiration date must be at least 30-days after the date of licensed activity start date to be entered into the PLI licensing software system. If not, the applicant may provide documentation from their insurer showing intent to extend coverage; at that time the expiration date will be entered as expiring thirty-one (31) days after the licensed activity start date so that it may be processed.

## **2. Required Documents**

PLI will complete process license applications after applicants have submitted full and complete applications, along with the license fee, as well as any and all required documentation. A list of commonly requested documents and their definitions is included herein (see Appendix 1 for reference). The License Officer may request additional information as needed to ensure compliance with the intent of PCC Title Seven. Applicants are solely responsible for providing any and all required documentation and meeting any and all deadlines.

### **Certifications and Document Expiration**

If a necessary certification will and/or does expire during the license period, it is the licensee's responsibility to provide PLI with updated documentation. Licenses are subject to revocation or suspension if the required document(s) and/or certification(s) expire during the license period. All other documents without specific expiration dates will be considered valid for the period of the valid license and must be updated and resubmitted for each renewal or application as defined in the *Rules and Regulations*.

### **Special Events**

Community groups, business associations and similar organizations may vend on the public right-of-way during the hours and within the perimeters of a permitted special event with the approval of the appropriate City of Pittsburgh departments and personnel including the Department of Permits Licenses and Inspections and the special events coordinator of the City of Pittsburgh (PCC719.05(c)(b)). Licenses must be obtained for any organization, business, or individual that meet the definition of the license. Licenses must be obtained regardless of non-profit or charitable status.

#### **Non-Profit Status for Special Event Permit Holders**

Exemptions are available for fees only related to those organizations that obtained a Special Event Permit only. Following submission of non-profit status documentation and/or a current (issued within the past three hundred and sixty five (365) days) copy of the IRS Affirmation or Determination letter issued to the non-profit organization, exemptions for non-profit organizations shall be determined by the License

Officer. These exemptions are available for fees only related to those organizations that obtained a Special Event Permit only. Licenses must be obtained regardless of non-profit or charitable status.

## License Suspensions, Revocations, and Appeals Process

### Reasons for License Suspensions or Revocations

As defined in the City Code, any license issued pursuant to the provisions of Title Seven may be revoked or suspended at the discretion of the License Officer, based on the severity and/or frequency of the reason(s)/violation(s), including but not limited to any of the following (PCC § 701.14):

- A. Failure to conform or adhere to the minimum qualifications of all applicants and licensees or specific license requirements as contained in the PCC or these *Rules and Regulations*.
- B. Fraud, misrepresentation, or false statement(s) contained in the license application;
- C. Fraud, misrepresentation, or false statement(s) made in the course of carrying on the business;
- D. Violation(s) of any provision of Title Seven, Title Nine and/or Title Ten of the PCC and/or the *Rules and Regulations*;
- E. Conviction of any crime(s) or misdemeanor(s) involving moral turpitude;
- F. Conducting the business and/or using any vehicle, premises, machine or other device in connections therewith in an unlawful manner and/or in such a manner as to constitute a breach of peace or a menace to the health, safety, and/or general welfare of the public;
- G. Obstruction or denial of entry for authorized inspections; and/or
- H. Violation of any City building and/or zoning laws and/or *Rules and Regulations*—buildings that are condemned are ineligible for business licenses.

### Suspension and Revocation

Following receipt of information regarding any reason(s)/violation(s) as described in the PCC and these *Rules and Regulations*, the License Officer may choose to do one or more of the following (PCC § 701.14):

- I. Issue a written notice to the licensee regarding potential revocation and/or suspension and the reasons therefor;
- J. Suspend a license for a period of time up to and including 365 days from the date of receipt of the violation notice;
- K. Revoke a license for a period of time up to and including 365 days from the date of receipt of the violation notice; and/or
- L. Revoke a license for a period of time longer than 365 days.
- M. Whenever the License Officer or code official determines that there has been a violation of the codes enforced by PLI, notice shall be given in writing to the person(s) deemed responsible for the violation(s). Notices shall be deemed served when delivered by hand to the alleged violator, or to any adult person in charge of the premises where the alleged violation exists; or

regularly mailed to the alleged violator or their agent to the last known residence of the alleged violator or to the usual place of business of the alleged violator.

Licensees and applicants are solely responsible for providing PLI with up-to-date addresses and other contact information. The notice of violation shall include:

- a. The address or a description of the real estate/property sufficient for identification, if applicable;
- b. A statement of the violation(s) and the reason(s) for the notice;
- c. A statement the effective day/date of the license suspension and/or revocation, if applicable;
- d. Information regarding the right to appeal the notice and the cost(s) thereof;
- e. A statement regarding how to request a reasonable accommodation for a disability; and
- f. A statement of PLI's right to pursue prosecution within the limits of state law for violations of the PCC and *Rules and Regulations*.

### **Right to Appeal**

The PCC establishes the right of any person aggrieved by any action of the License Officer to appeal such action (PCC § 701.16). Section 701.15 of Title Seven of the PCC establishes the Board of License and Inspection Review, and Section 701.16 establishes the following means of appealing issues that arise from enforcement of Business Licensing:

- N. Any person aggrieved by any action of the License Officer related to the issuance, transfer, renewal, refusal, suspension, revocation, and/or cancellation of any City license issued pursuant to Title Seven of the PCC and the *Rules and Regulations* shall have the right to appeal to the Board of License and Inspection Review.
- O. Appeals shall be filed in writing in a form and manner prescribed by the License Officer. As applicable, each appeal shall be accompanied by a copy of the notice, order, or other official document which is the subject of the appeal. Each appeal shall be filed within thirty (30) days of the date of the action being appealed.
- P. All appeals considered by the Board of License and Inspection Review shall be heard in a public forum at a publicly advertised time as determined by the Board of License and Inspection Review.
- Q. The Board of License and Inspection Review shall maintain an official record of all hearings, and such hearings shall be conducted in compliance with all applicable laws.
- R. The Board of License and Inspection Review shall, by a majority vote, affirm, modify, reverse, vacate, or revoke the notice, order, or action from which an appeal is taken.
- S. Each decision of the Board of License and Inspection Review shall be made in writing and shall be available for public review. A copy of the

decision will be sent via regular, first-class mail to the appellant's last known address of record with PLI and the Board of License and Inspection Review.

### **Action Pending Appeal and Penalties**

The PCC establishes actions prohibited during the time of appeal, and establishes penalties for violation of any provision of Title Seven Business Licensing as follows:

- T. Whenever an appeal filed pursuant to Title Seven and/or Ten, Chapter 1004, Section 1004.02, of the PCC is pending, unless there is a condition of immediate danger or hazard to health, safety or welfare that requires immediate compliance, then compliance with the order, decision, notice of violation, or license suspension or revocation that is the subject of the pending appeal shall not be required (PCC § 701.17).
- U. Penalty(ies):
  - a. Whoever violates any provision of Title Seven of the PCC and the *Rules and Regulations* shall be punished as provided in Section 101.09 of Title One of the PCC.

An administrative penalty fee shall be charged on all late filings for licenses and permits under this Title and the *Rules and Regulations* as prescribed in the fee schedule (PCC § 701.18).

## **Contractor and Trade Licensing Provisions**

### **General Provisions for Contractors and Trade Licensees**

#### **A. Minimum Qualification of All Applicants Required**

All applicants and licensees must conform to the "Minimum Qualifications of All Applicants," as set forth in Rule IV. Where a licensee is also a business entity, they must register as a business through the One Stop PGH customer portal. Proof of insurances and tax compliance is required as defined in these *Rules and Regulations*. All applicants must submit a full and complete application that includes all required documentation and any further requirements as deemed appropriate by the License Officer.

#### **Insurance Standards**

All contractors and/or trade licensees are to carry general liability insurance in the minimum amounts of \$1,000,000 dollars per occurrence/claim and \$2,000,000 aggregate per claim period.

On a case-by-case basis, PLI will evaluate the adequacy of an applicant's/licensee's general liability insurance coverage. Based on the prevailing insurance industry practices and standards and the nature and scope of the licensed/permitted activity, PLI may require a greater or lesser amount of coverage than the minimum stated above.

### **Insurance Exemption for Trade License Applicants and Licensees at the Time of Application**

Electrician, Fire Suppression, HVAC/Mechanical, and Stationary Power Engineer trade licenses are exempt from providing proof of insurance(s) (PCC §§ 741.08, 747.08) at the time of application, but are required to provide proof of insurance(s) that comply with the *Rules and Regulations* and the PCC prior to issuance of any permit under Title Ten. Contractor businesses that connect to trade license holders for the purposes of obtaining a permit must list the trade license holder on the required Certificate of Insurance as additionally insured. See Rule IV(6) for more information on Insurance Compliance.

### **Trade License Experience Requirements**

Where required in the PCC and the *Rules and Regulations*, applicants will provide documented proof of education and experience. For new trade license applicants, work experience must be accompanied with a resume and references of relevant job experience and contact information for references provided, and/or a statement from an employer or licensed trade-person attesting to the applicant's years of experience. Self-employed applicants must provide proof of experience in the form of a notarized statement attesting to the number of years of experience.

### **Trade Licensing Testing Requirements**

All new applications for trade licenses are required to provide an official document from the exam provider of their passing score for the respective trade test as proof of the testing requirements as defined in the *Rules and Regulations*.

- a. For electrical and mechanical/ HVAC license applicants, PLI will accept any authentic, relevant passed ICC exam, for any code year, or City of Pittsburgh-proctored exam documentation.
- b. For the Fire Suppression trade license, effective January 1, 2019, PLI will accept any authentic, passed "Fire Suppression Installation Contractor" ICC exam, beginning with the 2015 code year and continuing.

In addition, PLI will accept passed National Institute for Certification in Engineering Technologies ("NICET") exams including both the Level III Water-based Systems Layout and Special Hazards Systems Layout tests; both tests must be completed to be considered equivalent to the ICC test defined above and in Section VI (7)(D)(a)(i)(1).

- c. Stationary Power Engineer applicants will continue to be required to complete the National Institute for the Uniform Licensing of Power Engineers (“NIULPE”) exams.
- d. Finally, as per City Code, equivalent certification testing programs from states other than Pennsylvania shall be accepted as proof of compliance of the testing requirements upon review and determination of equivalence by the License Officer.

PLI will accept older versions of a relevant ICC or NIULPE exam, or a passing score letter from the City of Pittsburgh-proctored exam, to be evaluated by the License Officer.

If multiple exams exist that meet the requirement through the ICC, then the applicant should choose the exam that covers the most recent code year adopted by the Pennsylvania Uniform Construction Code (“UCC”). The code years available through the ICC are periodically updated and restrict the exams available to new license applicants over time. Other relevant ICC exams not specifically called out can be submitted, and will be reviewed for substantial equivalence and acceptance.

All ICC exams are currently proctored by PearsonVue and can be scheduled through PearsonVue’s website. All NIULPE exams are scheduled through NIULPE’s website.

A history of previously issued licenses is not proof of passing an exam. Trade license holders that let their licenses expire and subsequently lapse will be subject to a closure of the license. The applicant must meet all of the new, applicable application requirements, which may include re-testing if the applicant does not have proof of passing the relevant exam. Applicants and licensees are solely responsible for maintaining their licensing qualifications and their records.

### **Trade License Continuing Education (CE) Hours Requirements**

The training requirements for trade licenses require eight (8) CE hours annually. One (1) CE hours equates to one (1) hour of training. PLI will accept relevant continuing education credits from accredited institutions as listed by:

- a. The ICC Preferred Provider’s Directory. For a full list of current providers, visit <https://ppp.iccsafe.org>, and click on “Providers Directory.”
- b. The Pennsylvania Department of Labor and Industry’s (“PA DLI”) Uniform Construction Code continuing education providers. For a list of current providers, visit [www.dli.pa.gov/ucc](http://www.dli.pa.gov/ucc), and click on the “Continuing Education Providers” link.
- c. the International Union of Operating Engineers (“IUOE”) and the Occupational Safety and Health Administration (“OSHA”) for relevant courses and trainings for Stationary Power Engineers.

In addition, trainings provided by trade-specific union and apprenticeship programs are accepted.

In determining whether a CE provider is acceptable, PLI will refer to the lists maintained by the third-parties identified above, but PLI is not responsible for the list and makes no guarantees that the list is up-to-date or that the listed CE providers will continue to be accepted.

Next, PLI will look at the course content to ensure that it is relevant to the trade. The continuing education hours should be connected to building code(s) relevant to the trade's required testing standards per these *Licensing Rules and Regulations*. There must be a nexus between the course content, the trade, and the relevant codes enforced by PLI and/or the review work of PLI inspectors and plans examiners. The course content should be relevant to the work that the trade licensee would be responsible for relative to PLI permits, where applicable.

PLI will review requests outside the preferred provider listings on a case-by-case basis. A determination will be made within ten (10) business days. This pending determination is not a valid reason for license renewal delays. Licensees are solely responsible for providing PLI with the necessary information to make timely CE determinations. Licenses that expire or lapse during any determination period will be subject to standard processing as per the *Rules and Regulations*.

At the time of application, applicants should provide the certificate of completion of the courses completed to meet the CE requirement(s). The certificate of completion should include the trade licensee's and/or applicant's name, course name, course provider organization, date of course completion, and number of hours. PLI will not accept certifications from course instructors certifying themselves as completing their own courses.

### **City Tax Compliance Exemption at the Time of Application**

Electricians, Fire Suppression, HVAC/Mechanical and Stationary Power Engineer trade applicants are exempt from providing their City Tax ID and proof of tax compliance at the time of application. However, prior to issuance of any permit under Title Ten and Rule III(7), proof of tax compliance that complies with the *Rules and Regulations* and the PCC must be provided by the applicant business responsible for the permitted work.

### **Trade and Contractor License Renewal, Grace Period and Late Fees**

If a contractor or trade license is not renewed within sixty (60) days past the expiration date, applicants must meet all of the new, applicable application requirements, which may include but are not necessarily limited to re-testing.

For all trade licenses and contractor licenses, grace periods will begin at the expiration of a license and continue for sixty (60) days. If the license is not renewed within thirty (30) days after the expiration date, per the fee schedule, a late fee is incurred on the thirty-first (31<sup>st</sup>) day following the expiration date. If the license is not renewed within sixty (60) days after the expiration date, then on the sixty-first (61<sup>st</sup>) day following the expiration date, the license automatically lapses. All licensees that allow their license to lapse must apply for a new license and meet all new license requirements at the time of that new application.

Permits related to the licensed activity will be suspended until a valid and current trade license is connected to the permitted work. Additionally, any fees paid will be forfeited.

### **General Contractor Licensing**

- A. Applicability:** This section applies to individuals, proprietorships, partnerships and/or corporations engaging in, advertising or otherwise representing to engage in any activity regulated by Title Ten of the PCC (PCC § 751); such individuals/entities must have a general contractor license. Work that does not require a permit under PCC Title Ten, also does not require a general contractor license to complete.
- B. Exemptions:** Contractors with current and valid Pennsylvania Home Improvement Contractor (“HIC”) [registration may provide their HIC registration/license information in lieu of obtaining a general contractor license for residential renovation permits only](#). In addition, a general contractor license is not required where:
- a. Owner(s) of single- or two-family dwellings who personally perform work, provided that the owner(s) occupy or, upon completion of the work, will occupy the dwelling. Proof of identification and ownership is required.
  - b. A governmental entity performing work upon premises owned by that governmental entity.
- C. Fees:** General contractor license fees are established per the PLI fee schedule. General contractor licenses are subject to late fees per Rule VI(1)(H).
- D. Expiration:** General contractor licenses expire 365 days from the license start date. If those licenses not renewed on time, additional fee(s) will apply.



- E. Application Requirements:** Unless exempted in this section, general contractor applicants and licensees must conform to the minimum qualification of all applicants (Rule VI(1)(A)).
- F. Inspections:** Licensees must carry a copy of their PLI-issued general contractor license at all times while performing work under permits issued by PLI to be made available for inspection (PCC§ 701.09 (b), Rule II (7)).
- G. Waste Disposal:** Any and all licensed contractor(s) shall maintain records of the location(s) at which waste generated in the course of their activities is disposed of and, upon request of the License Officer or the Officer's representative, shall make such records available for inspection.
- H. Suspension for Non-Abatement:** A license may be suspended if a notice of violation of the Building Code has not been abated within the time specified.
- I. Restrictions:** None.

**Testing:** None

#### **Sign Contractor Licensing**

- A. Applicability:** This section applies to any person, firm and/or corporation in the business of erecting, altering, repairing, and/or maintaining ground signs, wall signs, projecting signs, roof signs, post signs, or similar signs requiring a sign permit as defined in the Zoning Code (PCC §§ 919 & 749); such persons must have a sign contractor license.
- B. Exemptions:** None.
- C. Fees:** Sign contractor license fees are established per the PLI fee schedule. Sign contractor licenses are subject to late fees per Rule VI(1)(H).
- D. Expiration:** Sign contractor licenses expire 365 days from the license start date. If those licenses are not renewed on time, additional fee(s) will apply.
- E. Application Requirements:** Unless exempted in this section, sign contractor applicants and licensees must conform to the minimum qualifications of all applicants (Rule VI(1)(A)).
- F. Inspections:** Licensees must carry a copy of their PLI-issued license at all times while performing work under permits issued by PLI to be made available for inspection (PCC § 701.09 (b), Rule II(7)).
- G. Requirements During License Period:** None in addition to maintaining the aforementioned minimum qualifications.
- H. Restrictions:** None.

**Testing:** None.

#### **Stationary Power Engineer Trade Licensing**

- A. Applicability:** This section applies to any person that controls or operates pipes, boilers, stationary or locomotive engines, and/or any other containers, tanks or vessels under pressure of water, liquid, gas or

steam in the City of Pittsburgh (PCC § 745); such persons must have stationary power engineer license.

**B. Exemptions:** The following [work that does not require a permit under Title Ten of the PCC and does not require an HVAC license to complete is exempt from the requirements of this section:](#)

- a. Pipes, containers, tanks or vessels used in the transportation of water, liquid, gas or steam.
- b. Hot water tanks used for domestic service as defined in the Mechanical Code.
- c. Portable compressor operators.
- d. All vessels defined as low pressure in the Mechanical Code or any vessel of fifteen (15) pounds per square inch or less of pressure.

**C. Fees:** Stationary power engineer license fees are established per the PLI fee schedule. Stationary power engineer licenses are subject to late fees per Rule VI(1)(H).

**D. Expiration:** Stationary power engineer licenses expire 365 days from license start date. If those licenses are not renewed on time, additional fee(s) will apply.

**E. Application Requirements:** Except for insurance (Rule VI(1)(B)) and tax ID requirements (Rule VI(1)(G)), stationary power engineer licensees and applicants must conform to the minimum qualifications of all applicants (Rule VI(1) (A)).

**a. New Applications:** In addition, applicants must provide the following upon application:

- i. A copy of proof of passing the appropriate certified standardized test issued by the NIULPE; or
- ii. A copy of the NIULPE card.

**b. Renewal Applications:** In addition, applicants and licensees must provide the following upon application to renew a stationary power engineer license:

- i. Proof of completing eight (8) contact hours of CEs within the previous twelve (12) months of license renewal, during the license period.

For Stationary Power Engineers, relevant trainings provided by the IUOE and OSHA are acceptable. Please see Section VI (1)

(F) for additional information about acceptable sources of CE hours.

Such proof shall consist of documentation including the names of the training activities, the date(s) of the training, who provided the training, and the number of contact hours for each training activity.

- ii. **CE Exception:** Where licensees have completed a test to move into a different, higher level classification of

stationary power engineering, the new stationary engineering NIULPE information will be accepted in lieu of CE credentials to renew the application.

- B. Requirements During License Period:** None in addition to maintaining the aforementioned minimum qualifications.
- C. Restrictions:** To be eligible for license renewal, in addition to providing all requirements for new applicants, licensees who allow their license to lapse and subsequently apply to renew them must provide documentation of at least eight (8) contact hours of CEs within the previous twelve (12) months.

No unlicensed person shall operate or control the equipment. The licensed person in charge of or operating the aforementioned equipment shall be located on the same premises where the equipment is located during its operation or control.

- D. Testing:** PLI accepts certification of testing for Stationary Power Engineers from the NIULPE as a qualified program for the purposes of meeting the application requirements. Certification can be obtained by applying on the NIULPE website. NIULPE license holders can have their City of Pittsburgh license reflect NIULPE classification if a copy of the NIULPE certification is submitted at time of renewal or license application.

**A. Continuing Education:** To be eligible for license renewal, in addition to providing all requirements for new applicants, licensees who allow their license to lapse and subsequently apply to renew them must provide documentation of at least eight (8) contact hours of CEs within the previous twelve (12) months. Please see Section VI (1) F for additional information about acceptable sources of CEs.

**Restrictions:**

- a. No vendor is permitted to operate within 100 feet of a City of Pittsburgh permitted special event except parades. This includes previously approved vending sites.
- b. No loud noises are permitted.
- c. Any signs are regulated by [current Zoning code ordinances](#).
- d. No mobile vendor vehicle is permitted in residential districts. Those operating in commercial districts are not permitted to operate between 12:00 a.m. and 7:00 a.m.
- e. No vendor shall be permitted to dispose of any debris or waste products generated from the operation of their business into City owned and maintained trash receptacles.
- f. Unless permission from the business owner has been granted, no vending activity will be permitted within 100 feet of any business that sells similar items.
- g. Unless approved through agreement with the appropriate Authority or its designated management company, no vending activity will be permitted on any public right-of-way within the boundaries set forth in Appendix 2 below or within any property owned by the Sports and Exhibition Authority of Pittsburgh and Allegheny County for the operation and management of Heinz

- Field, PNC Park, the PPG Paints Arena, and the David L. Lawrence Convention Center or on any other property used by professional sports franchises in which the Sports and Exhibition Authority of the City of Pittsburgh and Allegheny County has a financial or proprietary interest; and on property owned and operated by the University of Pittsburgh known as the John M. & Gertrude E. Peterson Event Center; and property owned and operated by Duquesne University known as A.J. Palumbo Center.
- h. A mobile vehicle vendor may not operate within a City park except at the following approved locations during normal park operating hours (6:00 a.m. – 11:00 p.m.):
    - i. Schenley Park
      - I. The Bob O'Connor Golf Course.
      - II. Flagstaff Hill.
      - III. The Schenley Oval.
    - ii. Frick Park
      - I. Tennis court parking lot.

Frick Environmental Center.

**Additional Employee License Count required:** Licenses must be amended to add additional employees during the licensed period, where applicable. Refunds are not provided for the reduction of employees.

#### Parking Lot Licensing

- A. Applicability:** This section applies to licenses that are required for revenue- generating commercial parking places that are open and/or enclosed and located within the City (PCC § 763).
 

A parking lot is defined as any commercial parking area at which motor vehicles are parked or stored for any period of time in return for payment.
- B. Exemptions:** The following revenue-generating commercial parking lots are exempt from obtaining a license as required under PCC Section 763:
  - a. Any parking garage or place that is provided or leased exclusively to occupants of a residence, or any parking garage or place where at least 80% of spaces are provided to residents on the same or other premises for use only in connection to the residence.
  - b. Any parking place or garage that is provided exclusively for guests or tenants of a hotel, tourist court, or trailer park.
  - c. Any parking by an employee for a fee in a parking lot owned or operated by or for his or her employer at the employee's regular place of business (PCC § 763.04).
- C. Fees:** Parking lot license fees are established per the fee schedule. Parking lot licenses are subject to late fees per Rule VII(1)(B).
- D. Expiration:** Parking lot licenses expire 365 days from the license start date.

- E. Application Requirements:** Unless otherwise exempted in this section, applicants must conform to the minimum qualification of all applicants (Rule VII(1)(A)). In addition to the general tax compliance requirements for all applicants, parking lot applicants must provide proof of payment of the [parking tax](#) imposed by the City of Pittsburgh (PCC § 249). In addition, applicants must provide the following upon application:
- a. Valid certificate of occupancy; and
  - b. A plot or sketch of the parking lot that clearly depicts all parking spots. This is required for all new licenses or where there has been a change in the Certificate of Occupancy for parking to reflect a different parking plot.
    - i. For open lots, a detailed sketch or plot showing every possible detail of the lot.
    - ii. For closed lots, a detailed sketch or plot and a written description of the number of uniformed security personnel to be used at the lot.

**Inspections:** PLI shall inspect to ensure compliance of licensed activity (Rule II(7)). New license applicants are subject to PLI inspection prior to the

**G. Requirements During License Period:** In addition to maintaining the aforementioned minimum requirements, all parking lot licensees must conform to the following provisions:

issuance of a license. Renewed licenses will be inspected throughout the year according to a departmental maintenance schedule.

- a. Parking and driving areas shall be of smooth and compact surfacing.
- b. Parking places located on open lots shall be properly enclosed or maintained with bumper protection for sidewalks and adjacent property.
- c. Entrances and exits to and from parking places shall be plainly marked and so situated as to avoid obstructing traffic on the abutting street and to prevent interference with or obstruction of pedestrian traffic on the sidewalk.
- d. Reasonable effort shall be made to keep the parking area free of all debris.
- e. All open lots shall be lit so that all spaces may be observed from the adjoining public streets, alleys or walkways, or, if the open lot is such that is not observable in the regular course from adjoining public streets, alleys or walkways, it shall comply with the licensing and safety requirements for enclosed parking lots applicable to that particular open lot.
- f. For the entire time that a parking garage is in operation, there shall be surveillance of all areas of all enclosed parking garages in which attendants do not park all of the vehicles. At a minimum, the surveillance shall include uniformed garage personnel to patrol each area of the parking garage at least once every thirty (30) minutes, unless the uniformed person is

detained for security reasons, as verified by Detex or comparable equipment or methodology. No person who is responsible for collecting money or parking cars shall be responsible for surveillance.

- g. On and after January 1, 1985, the lighting in every part of all enclosed parking garages in which attendants do not park all vehicles shall be consistent with the standards set forth in the City of Pittsburgh Lighting Code, Title Twelve Lighting Code, Chapter 1201 Lighting Code, [Section 1201.07](#) Required Calculations for Lighting Installations, Table 7(E) and (F) Recommended Maintained Illuminance and Luminance Values.
- h. All access to enclosed parking garages shall be through secured entrances during all hours of operation. The access may be secured by alarm and/or lock and key, or closed-circuit TV, or verifiable uniformed security patrols at a minimum of at least once every fifteen

(15) minutes.

- a. All enclosed parking garages in which attendants do not park all of the vehicles shall be in compliance with BOCA regulations, including but not limited to BOCA regulations regarding fire suppression equipment and emergency alarms/phones for elevators.
- b. Within six (6) months of the effective date of this subsection, the structures shall have emergency phones installed on all parking levels, or panic buzzers/alarms zoned to a central station which is staffed at all times, or comparable equipment. The equipment will be strategically located, visibly marked and accessible to persons with disabilities.
- c. All enclosed parking garages with three (3) or more floors shall provide escort service for all customers who request the service. Escort service shall be available during all hours of operation, by an employee readily identifiable as a representative of the garage.
- d. All enclosed parking garages which provide escort service shall post a sign at all entrances clearly defining the service. A patron should wait no longer than fifteen (15) minutes for an escort.
- e. Every operator shall post and maintain, in a conspicuous place at each entrance to each parking place, a sign showing the schedule of rates to be charged on an hourly, daily, Sunday, holiday, event and special basis and weekly, monthly and yearly leases, which corresponds to those rates stated in the operator's application; the operator's name and address, and the City license registration number all printed in letters three (3) inches high with half inch strokes as to be readily readable by prospective patrons. Once the operator posts a new schedule of rates, the operator must file a supplement to the license application within ten (10) business days to PLI.
- f. Every commercial place in excess of fifty (50) cars which does not have attendant parking shall have one (1) parking space

designated as "Parking for Persons with Disabilities," and for each 100 parking spaces over fifty (50), there shall be an additional parking space for persons with disabilities. Each parking space for persons with disabilities shall be seventeen (17) by seventeen (17) by nineteen and one-half (19½ or 19.5) feet and shall be located in the commercial parking place in areas that are most accessible to garage entrances and exits that serve persons with disabilities.

#### H. Restrictions:

For the purposes of this provision, a parking lot may be operated for the benefit of more than one (1) employer so long as spaces are not offered to nonemployees of those employers. In order for lots operated solely for the benefit of an employer or employers to qualify for the exemption under this provision, all employers affected shall execute a

form to be provided by the License Officer acknowledging that they are aware that their employees shall not be afforded the protections guaranteed by this Chapter and they agree that the protection of their employees in the employee lots is a matter which shall be determined between them and the operators of the lots.

- a. No operator shall permit any motor vehicle brought to any commercial parking place or any parking lot to be parked on a street or sidewalk.
- b. No operator shall permit any merchant or vendor to use a commercial parking lot to distribute or sell any goods, service, or merchandise.
- c. No operator shall allow any revenue control equipment required by this Chapter to be disabled or rendered inoperable entirely or in part by any switch, button, or other means. In the event that any revenue control equipment becomes disabled or inoperable entirely or in part, the operator shall immediately take action to have such equipment repaired and shall immediately notify the License Officer of the location of the equipment, date and time that the equipment malfunction began, the nature of the malfunction, and the action taken to effect its repair. Upon completion of the repairs to the equipment, the operator shall immediately notify the License Officer of the date and time that the equipment was restored to full operation.
- d. No operator shall exceed the capacity of a commercial parking lot as stated on the license application.

**I. Additional Employee License Count Required:** No additional employee license count is required.

#### Peddler Licensing

- A. Applicability:** This section applies to licenses issued to peddlers selling within the City of Pittsburgh (PCC § 719).

A peddler is defined as any person, whether a resident of the City of Pittsburgh or not, traveling by foot from place to place, from house to house, or from street to street, carrying on their person goods, wares, merchandise, products, and/or provisions, offering and exposing the same for sale, or making sales and delivering articles to purchasers.

- B. Fees:** Peddler license fees are established per the PLI fee schedule. Peddler licenses are subject to late fees per Rule VII(1)(B) and to additional employee fee per vendor employee.
  - a. Fees due to license amendments:** Licensees shall be required to pay additional funds for an increase in vendor employees during the license period.
- C. Exemptions:** Except for the insurance requirements (Rule IV(6)), peddler licensees must conform to the minimum qualifications of all applicants (Rule VII(1)(A)).
- A. Expiration:** Peddler licenses expire 365 days from the license start date.
- B. Application Requirements:** Except for insurance requirements (Rule VI(1)(B)), peddler applicants and licensees must conform to the minimum qualifications of all applicants. In addition, applicants must provide the following upon application:
  - a.** If an employee of a company, a letter from employer on company letterhead confirming employment must be provided; and
  - b.** If vending any food, a copy of the ACHD Certificate (see Appendix 1). Due to ACHD *Food Safety Rules and Regulations*, PLI makes no guarantees that Peddlers will be able to secure a certificate for Peddling food items. PLI will defer to ACHD decisions regarding food safety compliance and food permit issuance.
- C. Inspections:** Unless otherwise exempted herein, PLI shall inspect to ensure compliance of licensed activity. This applies to both new and renewed licenses (Rule II(7)).
- D. Requirements During License Period:** In addition to maintaining the aforementioned minimum qualifications, any and all licensed peddlers shall not remain more than fifteen (15) minutes in a single location. Upon the expiration of the fifteen (15) minutes, the peddler must begin moving to a location at least 250 feet from the first location.
- E. Restrictions:** No peddler shall:
  - a.** Be permitted to operate in residential districts between the hours of 8 p.m. to 8 a.m., unless otherwise allowed through a permitted event.
  - a.** Be permitted to operate in commercial districts between the hours of 12:00 a.m. and 7:00 a.m.
  - b.** Without the written permission of the event organizers, be permitted to operate within 100 feet of a City of Pittsburgh permitted special event, as enforced by Special Events.



- c. Whether licensed or not, no peddler shall use any public place to sell wares or do anything else in any way(s) that obstruct(s), interfere(s) with, or prevent(s) the free flow of pedestrian or vehicular traffic in the Central Business District, except during the hours of a City of Pittsburgh permitted special event; and, unless they have approval through agreement with the appropriate Authority or its designated management company, no peddler shall operate on any public right-of-way within the boundaries set forth in Appendix 2 below or within any property owned by the Sports and Exhibition Authority of Pittsburgh and Allegheny County for the operation and management of Heinz Field, PNC Park, the Mellon Arena and the David L. Lawrence Convention Center and of any other property used by professional sports franchises in which the Sports and Exhibition Authority of the City of Pittsburgh and Allegheny County has a financial or proprietary interest, and/or within the boundaries set forth in Appendix 2 below of the property owned and operated by the University of Pittsburgh known as the John M. & Gertrude E. Peterson Event Center and property owned and operated by Duquesne University known as the

A.J. Palumbo Center.

- d. Community groups, and charitable organizations may vend on the public right-of-way during the hours and within the perimeters of a permitted special event with the approval of the appropriate City of Pittsburgh departments and personnel including the Department of Permits Licenses and Inspections and the special events coordinator of the City of Pittsburgh.

**Additional Employee License Count required:** No additional employee license count is required. Each individual person/employee is an individual peddler who must have their own peddler's license.

### **Secondhand Dealer Licensing**

- A. Applicability:** This section applies to license(s) provided to re-sell goods second-hand with a valid Certificate of Occupancy for a retail use (PCC § 717).

Secondhand Dealers: Any person who either wholly or partly engages or operates the trade or business of the buying and selling of any articles or goods that are purchased, salvaged or received from any person such as antiques, precious stones, metals and jewelry, tools, electrical devices, fixtures, appliances, second hand cars, automobile accessories or tires, household goods, firearms and bric-a-brac.

Pawn Broker: “Pawn broker” is defined as any person who 1) engages in the business of lending money on the deposit or pledge of personal property, other than choses in action, securities or written evidence of indebtedness; 2) purchases personal property with an express or implied agreement or understanding to sell it back at a subsequent time at a stipulated price; and/or

3) lends money upon goods, wares or merchandise pledged, stored or deposited as collateral security.

Pledge: “Pledge” is defined as article(s) deposited with a pawnbroker in the course of his or her business as security for a loan.

Pledger: Pledger is defined as the person who obtains a loan from a pawnbroker and delivers a pledge into the possession of a pawnbroker, unless the person discloses that he or she is or was acting or another, in which case a "pledger" means the disclosed principal.

**B. Exemptions:** None.

**C. Fees:** Secondhand dealer license fee(s) are established per the PLI fee schedule. Secondhand dealer licenses are subject to late fees per Rule VII(1)(B) and to the additional employee fee per vendor employee.

**D. Expiration:** Secondhand dealer licenses expire 365 days from license start date.

**E. Application Requirements:** Secondhand Dealer License applicants and licensees must conform to the minimum qualification of all applicants (Rule VII(1)(a)). In addition, applicants must provide the following upon application:

- a. Valid certificate of occupancy;
- b. [ePatch criminal record check](#) (see Appendix 1);
- c. If selling jewelry, the applicant/licensee must also obtain a [Precious Metal License](#) through Allegheny County (see Appendix 1); and

If the applicant/licensee gives loans in exchange for merchandise and charges interest, the applicant/licensee must provide a Pennsylvania Department of Banking and Securities license.

**G. Requirements During License Period:** In addition to maintaining the aforementioned minimum requirements, all secondhand dealer licensees must

F. **Inspections:** PLI shall inspect to ensure compliance of licensed activity (Rule II(7)). This applies to both new and renewed licenses. The City of Pittsburgh Bureau of Police will conduct inspections as required.

- a. Each Licensee shall keep a book at the time of acquiring articles in the course of business containing a full and accurate description of any article(s) purchased and the name and address of any person buying or selling any article(s).

- b. Each pawnbroker shall keep a book legibly written in the English language recording a full and accurate description of any article(s) purchased or pledged, the time of purchase or pledge, the time that the purchase or pledge is to be redeemed, and the amount of money lent or paid.
- c. All dealers, pawnbrokers, and junk dealers shall furnish the book described above for the previous business week to the Superintendent of Police by 12:00 p.m. Monday.
- d. All Licensees shall keep and retain on their premises all articles and/or junk in the original form, shape or condition in which they were received for a minimum period of forty-eight (48) hours after receipt.

**H. Restrictions:** No licensee shall:

- a. Sell or dispose of antiques, precious stones, jewelry, watches, old gold, platinum, silver or other precious metals, or similar items within thirty  
(30) days of purchase;
- b. Sell or dispose of any other items within seven (7) days after purchase;
- c. Purchase any item from anyone under eighteen (18) years of age, an intoxicated person, or a known thief; and/or
- d. Transact any business between 9:00 p.m. and 7:00 a.m.

**I. Additional Employee License Count Required:** No additional employee license count is required.

**Sign Maintenance Certification Licensing**

**A. Applicability:** This section applies to license(s) required for any owner or user of any sign requiring a permit when erected and located within the jurisdiction of the City of Pittsburgh (PCC §§ 1004.02, 103.5.1).

The owner or user of any sign in the City of Pittsburgh must complete a Sign Maintenance Certificate application and, unless the sign is completely removed, provide payment upon issuance of a sign Certificate of Occupancy and then annually for maintenance and inspection.

**Exemptions:**

Signs that satisfy the general provisions of the PCC that do not exceed four (4) square feet in face area are exempt from the provisions of these rules and regulations.

**B. Fees:** Sign maintenance certification license fee(s) are established per the fee schedule. Sign maintenance certification licenses are subject to late fees per Rule VII(1)(d).

- a. **Fees due to Amendments:** Licensees shall be required to pay any additional funds for any increase in signs associated with the license during the license period. There shall be no prorated fee for signs added during the license period. Payment should be made upon renewal.
- C. **Expiration:** Sign maintenance certification licenses expire 365 days from license start date.
- D. **Application Requirements:** Except for insurance (Rule VI(1)(B)) and tax ID requirements (Rule VI(1)(C)), sign certification licensees must conform to the minimum qualifications of all applicants (Rule VI(1)(A)). In addition, applicants must provide the following upon application:
  - a. A completed Certificate of Occupancy for sign(s); and
  - b. Picture(s) of Sign(s) as reflected in the connected Certificate of Occupancy as seen from the street.
- E. **Inspections:** Unless otherwise exempted herein, PLI shall inspect to ensure compliance of licensed activity (Rule II(7)). This applies to both new and renewed licenses.
- F. **Requirements During the License Period:** None in addition to maintaining the aforementioned minimum requirements.

**Restrictions:**

- a. Multiple signs at the same location on the same Certificate of Occupancy may be listed on the same certificate.

If the signs are still erected, even if the business moves/has moved, all signs require a yearly fee.

**Stationary Vendor Licensing**

**A. Applicability:** This section applies only to licenses issued to stationary vehicle vendors situated on one of the approved public property locations, known as approved vending sites; such vendors must be licensed. Any vendor on private property is not regulated by this section, but must contact the Department of City Planning, Zoning Division, for a list of requirements. (PCC § 719).

A stationary vendor is any person who sells or offers for sale goods, wares, merchandise, food, or provisions from an approved vending unit at a fixed, pre-approved location.

A Vending Unit is a motor vehicle, cart, or other structure that conforms to the unit size requirements as defined in the PCC and these *Rules and Regulations*. Other structures may include, but are not limited to, a small structure or stand in a public area with one or more open sides used to vend.

**B. Exemptions:** Neither a vending permit nor occupancy permit is required to vend wares where vending units are located in the Strip District

neighborhood of the City of Pittsburgh. Vendors that fall under this exception must seek written permission from the building and/or property owner to use a specific/pre-determined area for vending.

- C. **Fees:** Stationary vendor license fees are established per the PLI fee schedule. Stationary vendor licenses are subject to late fees per Rule VII(1)(B) and to additional employee fees per vendor employee.
  - a. **Fees due to license amendments:** Licensees shall be required to pay any additional amounts for any and all increases in vendor employees during the license period.
- D. **Expiration:** Stationary vendor licenses expire 365 days from the license start date.
- E. **Application Requirements:** Stationary vendor licensees must conform to the minimum qualifications of all applicants (Rule VII(1)(A)). In addition, applicants must provide the following upon application:
  - a. One (1) colored picture of the vending unit or sketch design of vending unit that includes the vending unit's measurements.
  - b. Select a pre-approved site from the pre-approved site list or nominate a new site.
  - c. Valid general liability insurance, per Rule IV(6)(C)).
  - d. Valid Allegheny County Health Dept. License number, if vending food (Appendix 1).
  - e. Valid vehicle registration, if required.

Additional Employee License requirements, if applicable.

- a. Workers' Compensation Insurance, if applicable.
  - b. Copy of Registration letter if vending in Downtown or Oakland.
- B. **Inspections:** Unless otherwise exempted herein, PLI shall inspect to ensure compliance of licensed activity. This applies to both new and renewed licenses (Rule II (7)). In addition, DOMI will inspect the vending site on the first day of business to ensure compliance with right-of-way regulations.
- C. **Requirements During License Period:** In addition to maintaining the aforementioned minimum qualifications, all licensed stationary vendors must conform to the following provisions:
  - a. The size of the vending unit shall not be larger than eleven (11) feet high, twenty-four (24) feet long, and eight (8) feet wide. DOMI may provide an exception to cart constraints upon written request.
  - b. Maintain valid vehicle registration where the vending unit used to carry on business is a vehicle.
  - c. Any signs are regulated by current Zoning code ordinances.
  - d. If the vendor is selling a product that generates trash, the vendor must have with them a metal or rigid plastic trash container with a thirty gallon combined minimum capacity. In addition, vendors must maintain and keep clean a twenty-five (25) foot perimeter surrounding the designated location of the vending unit or vehicle.
- D. **Restrictions:** No stationary vendor shall

- a. Operate in residential districts.
- b. Operate in commercial districts between 12:00 a.m. and 7:00 a.m.
- c. Operate within 100 feet of a City of Pittsburgh permitted special event, except parades. This includes previously approved vending sites.
- d. Produce loud noises.
- e. Take part in vending activity within 100 feet of any business that sells similar items unless permission from business owner has been granted.
- f. Dispose of any debris or waste products generated from the operation of their business into City owned and maintained trash receptacles.

Unless approved through agreement with the appropriate Authority or its designated management company, no vending activity will be permitted on any public right-of-way within the boundaries set forth in Appendix 2 below or within any property owned by the Sports and Exhibition Authority of Pittsburgh and Allegheny County for the operation and management of Heinz Field, PNC Park, the PPG Paints Arena, and the David L. Lawrence Convention Center or on any other property used by professional sports franchises in which the Sports and Exhibition Authority of the City of Pittsburgh and Allegheny County

has a financial or proprietary interest; and on property owned and operated by the University of Pittsburgh known as the John M. & Gertrude E. Peterson Event Center; and property owned and operated by Duquesne University known as A.J. Palumbo Center.

- A. Additional Employee License Count Required:** Licenses must be amended to add new/additional employees during the licensed period. Refunds are not provided for the reduction of employees.
- B. Vending Site Nomination:** Prior to issuance of a license by PLI and in accordance with Resolution number 756 of 2000, all stationary vending sites must be approved by the Pittsburgh City Council.
  - a. To nominate a site:
    - i. Fill out the [site nomination form](#).
    - ii. The Site Designation Committee will review and submit the form to City Council for approval or denial.
    - iii. If the site is approved, an application for a particular site may be submitted to the vending site committee.
  - b. If any vending locations are located within the areas listed below, you must contact the organization listed. The organization may require the applicant to submit an approval letter to PLI or pay membership fees.
    - i. Downtown and Market Square:  
Pittsburgh Downtown Partnership, 412-566-4190  
Hours 8:30 a.m.-5:00 p.m.
    - ii. Oakland:

Oakland Business Improvement District, 412-683-6243 Hours 8:30 a.m.-5:00 p.m.

Strip District –Vendors must obtain written permission from the building and/or property owner to use a specific/predetermined area for your table(s), vending unit or food cart. *The building and/or property owner may charge a fee for your vending on their property.*

### Trade Fairs Licensing

- A. Applicability:** This section applies to license(s) issued to any person or business conducting a trade fair within the jurisdiction of the City of Pittsburgh (PCC § 723); such person(s)/business(es) must be licensed.  
A trade fair is defined as any event in which ten or more merchants assemble to sell goods or services.
- B. Exemptions:** Events in which there are no direct sales to wholesale or retail dealers are exempt from the provisions of these *Rules and Regulations*.
- C. Fees:** Trade fair license fees are established per the fee schedule.
- D. Expiration:** A trade fair license is valid only for the duration of the trade fair.
- E. Application Requirements:** Unless otherwise exempted in this section, Applicants must conform to the minimum qualification of all applicants (Rule VII(1)(A)). In addition, applicants must provide the following upon application:
  - a. Valid certificate of occupancy;
  - b. If selling jewelry, the licensee must also obtain a [Precious Metal License](#) through Allegheny County (see Appendix 1); and
  - c. Lease or legal agreement for trade fair event to occupy a location.
- F. Inspections:** Unless otherwise exempted herein, PLI shall inspect to ensure compliance of the licensed activity. This applies to both new and renewed licenses (Rule II(7)).
- G. Requirements During the License Period:** None in addition to maintaining the aforementioned minimum requirements.
- H. Restrictions:** Application shall be filed at least two (2) weeks prior to the opening of the trade fair.

**Additional Employee License Count Required:** No additional employee license count is required.

### Transient Merchant Licensing

- A. Applicability:** This section applies to license(s) required for all transient merchants located within the jurisdiction of the City of Pittsburgh (PCC § 721).  
A transient merchant is defined as any individual who occupies a room, apartment, store, shop or building to sell goods for no more than 100 days.

- B. Exemptions:** None.
- C. Fees:** Transient merchant license fee(s) are established per the PLI fee schedule. Transient merchant licenses are not subject to late fees.
- D. Expiration:** Transient merchant licenses are valid for the duration of the licensed activity. The license period may not extend past 100 days.
- E. Application Requirements:** Unless otherwise exempted in this section, applicants must conform to the minimum qualification of all applicants (Rule VII(1)(A)). In addition, applicants must provide the following upon application:

- a. Valid certificate of occupancy; and

**F. Inspections:** Unless otherwise exempted herein, PLI shall inspect to ensure compliance of licensed activity. This applies to both new and renewed licenses (Rule II(7)).

**G. Requirements During License Period:** In addition to maintaining the

- b. If selling jewelry, the licensee must also obtain a [Precious Metal License](#) through Allegheny County.

- a. If selling jewelry, the licensee must also maintain a [Precious Metal License](#) through Allegheny County for the duration of the license period (see Appendix 1).

- H. Restrictions:** None.

**I. Additional Employee License Count Required:** No additional employee license count is required.

### **Ticket Reselling Licensing**

- A. Applicability:** This license is issued to peddlers selling tickets to events within the City of Pittsburgh (PCC § 726).  
A ticket reseller is defined as a person who resells tickets for sporting and cultural events located at PNC Park, PPG Paints Arena, or Heinz Field.
- B. Fees:** Ticket reselling license fees are established per the fee schedule. Ticket reselling licenses are not subject to late fees.
- C. Exemptions:** Except for the insurance requirements (Rule IV(6)), ticket reselling licensees must conform to the minimum qualifications of all applicants (Rule VII(1)(A)).
- D. Expiration:** Ticket reselling licenses expire 365 days from the license start date.
- E. Application Requirements:** Applicants must conform to the minimum qualifications of all applicants (Rule VII(1)(A)).
- F. Inspections:** Unless otherwise exempted herein, PLI shall inspect to ensure compliance of licensed activity. This applies to both new and renewed licenses (Rule II(7)).



**G. Requirements During License Period:** In addition to maintaining the aforementioned minimum requirements, all ticket reselling licensees must carry the license and their valid government identification at all times while engaging in the business of ticket sales and shall, if requested to do so by a law enforcement officer or City official, permit said individual to examine and review the license. Each refusal to permit a law enforcement officer or City official to examine and review the license shall constitute a separate offense. Each day's operation of such business without a license shall constitute a separate offense.

**Restrictions:**

- a. A person may not sell or offer for sale any ticket for admission to any event at Heinz Field or PNC Park on a public street, sidewalk, public right-of-way, or any other City or publicly owned property, except in the Reselling Zone created in Section 726.06 of the PCC, without first obtaining a license from PLI.
- b. Except for the Reselling Zone created in [Section 726.06](#) of the PCC, tickets may not be offered for sale or sold within the area described in the map referred to in [Section 726.06](#) of the PCC.
- c. Tickets may not be offered for sale or sold on sidewalks where passage is restricted by construction.

Tickets may not be offered for sale or sold within fifteen (15) feet of a bus stop marked by appropriate signage.

- a. Tickets may be offered for sale or sold only from a public sidewalk, except sales to or from a passenger vehicle, provided that neither buyer nor seller is in violation of any statute, ordinance or regulation relating to traffic and operation of a motor vehicle in any public right-of-way.
- b. Tickets may not be offered for sale to or be sold to occupants of vehicles in traffic.
- c. Tickets may not be offered for sale or sold in any manner that:
  - i. blocks, obstructs or restricts the passage of pedestrians or vehicles in the lawful use of the sidewalks, streets, highways or other public rights-of-way, or the ingress or egress to or from an abutting property, and/or
  - ii. interferes with the operation of any display stand of a person licensed as a vendor (PCC § 719).
- d. Ticket sellers shall not use a display stand, table, booth, chair or sign other than a hand-held sign for the sale or offering for sale of tickets.
- e. The Reselling Zone shall be located at the northeastern corner of Dorsett Way and North Shore Drive and consist of an area approximately twenty-three (23) feet by thirty (30) feet. The Reselling Zone shall be identified by appropriate signage. For the protection of the public, at the Reselling Zone, there may also be displayed signage that contains information including but not necessarily limited to the validity of tickets and the maximum

price at which tickets may be sold. Placement and size of signage shall be subject to the approval of the Zoning Administrator in accordance with the applicable provisions of Title Ten of the PCC.

- B. Additional Employee License Count required:** No additional employee license count is required. Each individual person/employee is an individual ticket reseller who must have their own ticket reseller’s license.

## Appendices

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### Required Documents List

- A. Affordable Housing Certificate:** A document recognizing the location as an approved affordable housing location.
  
- B. Allegheny County Health Department Certificate:** A document that confirms that the business has authorization from the Allegheny County Health Department (“ACHD”) to serve food. The expiration date must be after the date of license activity start date. ACHD can be reached at (412)-687-2243.
  
- C. Certificate of Occupancy:** Certificate of Occupancy document issued by the City of Pittsburgh for the address where the licensed activity will occur. New Certificates of Occupancy can be obtained through a two-step process that requires review and approval first by the Department of City Planning, Zoning Division and then by PLI. A search tool for Certificates of Occupancy can be found at <http://pittsburghpa.gov/pli/occupancy/index.html>. Contact [PLIrecords@pittsburghpa.gov](mailto:PLIrecords@pittsburghpa.gov) for more information or if you cannot find a Certificate of Occupancy on our search tool.
  
- D. City of Pittsburgh Tax Compliance:** A letter or notice from the Department of Finance providing a tax ID to any legal entity in the City of Pittsburgh doing business. The Tax Compliance letter states that the applicant legal entity is current and in compliance with all applicable tax obligations to the City of Pittsburgh. The tax compliance letter must have been generated within the past twelve months to be accepted by PLI.
  
- E. Continuing Education Hours:** Documentation issued by the educational provider showing continuing education credits.

- F. Documentation Regarding Experience:** For new trade license applicants, work experience must be accompanied with a resume and references of relevant job experience and contact information for references provided, and/or a statement from an employer or City licensed trade-person attesting to the applicant's years of experience. Self-employed applicants must provide proof of experience in the form of a notarized statement attesting the number of years of experience.
- G. Employer Letter Authorizing Employee:** A letter stating the applicant is authorized to do work on behalf of the business identified as the legal entity.
- H. ePatch Criminal Record Check:** Verification of completed Pennsylvania Criminal Background Check. For more information about obtaining this document, please visit <https://epatch.state.pa.us/>.
- I. General Liability Insurance:** A Certificate of Insurance showing general liability coverage for the applicant at the location where licensed activity will take place, and listing the City of Pittsburgh as the certificate holder and additionally insured. The insurance expiration date must be at least 30-days after the date of licensed activity start date. If not, please provide a documentation from your insurer showing intent to extend coverage and list the expiration date as thirty-one (31)days after the licensed activity start date.
- J. Government Issued Photo ID:** Current and valid government-issued photo identification, such as a non-expired Driver's License or Passport. This is used as proof that the applicant is at least 18 years or older.
- K. Lease or Legal Agreement:** A lease or legal agreement regarding the licensee's right to occupy a location.
- L. NIULPE Certification:** Certification from the National Institute for the Uniform Licensing of Power Engineers, Inc. showing completion of any power engineer classification.
- M. PA Department of Banking & Securities License:** If the applicant's business provides loans in exchange for merchandise and charges interest, the applicant must provide a Pennsylvania Department of Banking and Securities license.
- N. Picture of Mechanical Device:** A picture of the mechanical device(s) located at the place of business.
- O. Picture of Sign:** A picture of the installed, approved sign. All signs must conform to the City of Pittsburgh zoning and building provisions. The sign displayed must

match the valid Certificate of Occupancy issued. Any changes to any sign(s) must be approved by the Department of City Planning, Zoning Division.

- P. Precious Metals License:** A license issued by the Allegheny County Sheriff's Office that permits the owner to sell precious metals license. The expiration date must be after the license activity start-date. For further information about the Precious Metal License, contact (412)-350-4714.
- Q. Proof of Passing Test Results to Selected Trade:** Documented, written proof of passing the ICC exam relevant to the Trade License application.
- R. Sketch or Plot Drawing:** A document that contains a sketch or plot showing the details of the lot. For closed lots, this should also include the details of the building and a written description of the number of uniformed security you will be using.

**Temporary Certificate of Occupancy:** Temporary Certificate of Occupancy document issued by the City of Pittsburgh for the address where the licensed activity will occur.

- A. Trade Fair Agreement:** Documentation from the owner of the space where the trade fair will be held authorizing the applicant to occupy the site for said trade fair.
- B. Vehicle Registration:** The document issued by the State of Pennsylvania that shows the vehicle as currently registered. The expiration date must be after the date of license application.
- C. Vending Unit Photo:** Three photos which show the Front, Side and Interior of the truck or unit.
- D. Vendor List:** List of Vendors participating in a Trade Fair.

**Worker's Compensation Insurance:** A Certificate of Insurance showing Worker's Compensation coverage for the applicant business and listing the City of Pittsburgh as the certificate holder. If the business does not have any employees, then upload a notarized statement attesting that there are no employees.

### Prohibited Peddler and Special Permission Vendor Locations

1. [MAP 1—HEINZ FIELD:](#)
  - ❖ Northern boundary - Reedsdale Street
  - ❖ Southern boundary - North Shore Drive
  - ❖ Eastern boundary - Art Rooney Avenue

- ❖ Western boundary - Allegheny Avenue

2. MAP 2—PNC PARK:

- ❖ Northern boundary - General Robinson Boulevard
- ❖ Southern boundary - Allegheny River
- ❖ Eastern boundary - 6<sup>th</sup> Street/Federal Street
- ❖ Western boundary - Mazeroski Way

3. MAP 3—PPG Paints Arena:

- ❖ Northern boundary - Bedford Avenue
- ❖ Southern boundary - Centre Avenue
- ❖ Eastern boundary - Mario Lemieux Place
- ❖ Western boundary - Washington Place

4. MAP 4—DAVID L. LAWRENCE CONVENTION CENTER:

- ❖ Northern boundary - Allegheny River
- ❖ Southern boundary - Penn Avenue
- ❖ Eastern boundary - 11<sup>th</sup> Street
- ❖ Western boundary - 9<sup>th</sup> Street

5. MAP 5—PETERSON EVENT CENTER:

- ❖ Northern boundary - Univ. of Pittsburgh Property Line
- ❖ Southern boundary - Terrace Street
- ❖ Eastern boundary - Univ. of Pittsburgh Property Line
- ❖ Western boundary - Sutherland Street

6. MAP 6—A.J. PALUMBO CENTER:

- ❖ Northern boundary - Forbes Avenue
- ❖ Southern boundary - Duquesne Univ. Property Line
- ❖ Eastern boundary - Stevenson Street
- Western boundary - Duquesne Univ. Property Line

**Tag Day Letter Example**

William Peduto  
Mayor



Maura Kennedy  
Director

###EXAMPLE###

NOT VALID

November 20, 2016

To Whom it May Concern,

My name is Lisa Smith and I am the Volunteer Coordinator for Permits, Licenses and Inspections. We would like to apply for a Tag Day Permit For Saturday December 24, 2016. We would like to request the Corner of Penn Avenue and 16<sup>th</sup> Street and 84 Liberty Avenue. We will be donating all of our proceeds to our "Winter Pups" fund which goes to benefit the Humane Society. We have done this event for 12 years.

I have attached our application as well as schedules A, B, C, D, and E. Please contact me directly if you have any questions or concerns.

Thank you for your time,

Lisa Smith

Volunteer Coordinator

412-555-5555

200 Ross Street

Pittsburgh PA, 15219

###EXAMPLE###

NOT VALID

Department of Permits, Licenses, and Inspections  
City of Pittsburgh | 200 Ross Street, Room 320 | Pittsburgh, PA 15219  
Main number: 412-255-2175 | Fax: 412-255-2974 | www.pittsburghpa.gov/pli

#### 4. Workers' Compensation Exemption Affidavit



Department of  
**PERMITS, LICENSES,  
AND INSPECTIONS**

## Workers' Compensation Exemption Affidavit

Commonwealth of Pennsylvania

County of

I affirm, under penalty of perjury, that no individuals will be employed to perform work pursuant to any building permit issued by the City of Pittsburgh, Department of Permits, Licenses, and Inspections, in accordance with Commonwealth of Pennsylvania, 1993 Act 44 – Workman's Compensation Act, Section 302.

Printed Name\_\_\_\_\_

Applicant Signature

Street Address

Today's Date

City, State, Zip City

Contractor License

Phone Number

**AFFIRMED AND SUBSCRIBED BEFORE ME THIS DAY OF, 20\_ .**

**NOTARY PUBLIC SEAL**

\_\_\_\_\_  
**NOTARY PUBLIC SIGNATURE**





## APPENDIX C: MEDIA STORIES AND PRESS RELEASES

### Attorney General Josh Shapiro and District Attorney Jack Stollsteimer Announced Criminal Charges in an Unlawful Labor Investigation<sup>13</sup>

MEDIA — District Attorney Jack Stollsteimer and Attorney General Josh Shapiro today announced the filing of criminal charges in an Unlawful Labor Investigation. Armando Garcia-Ramirez, his wife and business partner Martha Guzman, their daughter and employee Stephanie Garcia-Ramirez, and employee Angelita Paulin-Santos have been charged with multiple counts of Workplace Misclassification, Making False Statements, Theft, Receiving Stolen Property, Deceptive Business Practices, and related charges in connection with their roles in the conspiracy to operate an enterprise known as G&R Drywall and Framing, LLC (G&R). This York County-based enterprise sourced workers for a large construction project in Delaware County and, in order to subvert employment requirements and protections, misclassified those individuals as independent subcontractors in violation of Act 72, the Construction Misclassification Act.

“Today’s prosecutions send a clear message — misclassification will have real consequences in Pennsylvania,” said AG Shapiro. “We cannot tolerate business practices that ignore the legal requirements for contractors and engage in this kind of theft here in the Commonwealth.”

“My office is committed to working with the Attorney General’s Fair Labor Section to investigate and prosecute violations of Act 72 in Delaware County. To be clear, the misclassification of employees as independent contractors harms everyone: the misclassified workers, who lose the rights and protections to which they are legally entitled; law-abiding contractors, who lose work to unscrupulous competitors who illegally game the labor market; and lastly, the general public, which loses out on tax revenue,” said District Attorney Stollsteimer. “Using Act 72, we take the fight for fair labor practices to Pennsylvania’s criminal courts and those who cheat employment requirements and exploit workers will be prosecuted,” said Stollsteimer.

Act 72, known as the Construction Workplace Misclassification Act, criminalizes the misclassification of employees as “subcontractors.” Hourly-wage employees who work at the direction of the same individual every day do not become “independent contractors” just because their employer chooses to characterize them as such. Instead, the law provides that independent contractors must be, as the name suggests, autonomous. An individual who has his or her own business performing tasks on an “arm’s-length” basis for contractual payment may be properly referred to as an independent contractor. Under the Act, unscrupulous employers who attempt to circumvent employment requirements and protections by misclassifying their employees, face a criminal charge for the act of misclassification.

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<sup>13</sup> <https://www.attorneygeneral.gov/taking-action/press-releases/attorney-general-josh-shapiro-and-district-attorney-jack-stollsteimer-announced-criminal-charges-in-an-unlawful-labor-investigation/>

“I want to commend Criminal Investigation Division Lt. William Wright, Sgts. Joseph Hackett and Robert Fuss, and Detective Steven Cortese for their efforts in building this case, and the work of Deputy District Attorney Douglas Rhoads and Assistant District Attorney Elizabeth Schneider, Chief of the Economic Crimes Unit,” said Stollsteimer. “In addition, I want to thank the Attorney General and Chief Deputy Attorney General Nancy Walker for their support in bringing today’s charges,” said Stollsteimer.

Defendants have been released on bail. An arrest or criminal complaint is an accusation. A defendant is presumed innocent unless and until proven guilty.

The District Attorney and the Criminal Investigation Division remind anyone in Delaware County who observes suspicious activity to call 911 immediately and provide the most specific and accurate details possible to assist law enforcement agencies investigating the call for service.

For press inquiries, please contact Margie McAboy, Public Information Officer, Delaware County District Attorney’s Office, 610-579-0429.

#### AG Shapiro, DELCO DA Stollsteimer Announce Joint Enforcement Pilot Program to Stop Construction Worker Misclassification<sup>14</sup>

CHESTER— Attorney General Josh Shapiro and Delaware County District Attorney Jack Stollsteimer today announced the establishment of Pennsylvania’s first-ever joint enforcement pilot program to combat the misclassification of construction workers in Delaware County.

Act 72, the Construction Workplace Misclassification Act, protects construction workers from being misclassified as independent contractors, rather than as employees, and assures a level playing field so employers violating labor laws do not have an unfair competitive advantage over those employers who treat their workers fairly.

The misclassification of workers costs the Commonwealth millions of dollars in lost tax revenue, and unemployment and workers compensation payments. Misclassification further denies workers protections under labor and employment laws and disadvantages law-abiding companies.

“Contractors in Delaware County that have been exploiting vulnerable construction workers to make a profit be advised – this practice will no longer be tolerated,” said Attorney General Shapiro. “I am pleased to announce today a partnership between my Office and the Delaware County District Attorney’s Office to prosecute Act 72 violations.”

For a construction worker to be lawfully classified as an independent contractor, Act 72 requires that several, specific criteria be met. Failure to meet any one of the rigorous requirements means a construction worker is an employee.

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<sup>14</sup> <https://www.attorneygeneral.gov/taking-action/press-releases/ag-shapiro-delco-da-stollsteimer-announce-joint-enforcement-pilot-program-to-stop-construction-worker-misclassification/?mode=grid>

“As the son of a Union family, it is my priority to stand up for working people,” said District Attorney Stollsteimer. “I am proud to partner with Attorney General Shapiro and his Office to combat worker misclassification here in Delaware County.”

Working together, the offices hope to ensure fairness in the construction industry, punish those that choose to break the law, and deter future wrongdoing. Attorney General Shapiro hopes that the program will be able to serve as a model for future joint enforcement efforts with district attorneys across the Commonwealth.

## **Construction Company skirted workplace law; DA says<sup>15</sup>**

### **Northampton County District Attorney John Morganelli says charges will be filed against a Bethlehem company and one of its principals.**

A [Bethlehem](#) construction firm will be charged with violating Pennsylvania's Construction Workplace Misclassification Act and one of its principals will be charged with perjury following a Northampton County investigative grand jury's probe.

District Attorney [John Morganelli](#) said he is disappointed he can only charge [Salukas & White](#) with a misdemeanor, although Mark White will face a felony charge of perjury in addition to being charged with violating the act.

The company, based at 741 E. Ettwein St., was funneling hundreds of thousands of dollars through a pair of middlemen -- Tony's Drywall and Robert Leuber Drywall -- who then paid unauthorized workers in cash, Morganelli said.

In essence, the workers were employed by the company but were misclassified and paid as if they were independent contractors, Morganelli said.

A person who answered the phone Monday afternoon at the company said White was not available and the company had no comment.

Morganelli said the two "sham contractors ... acted as ATM machines paying workers" and saving the company from paying various taxes, including local fees and unemployment insurance.

The grand jury investigation began in April 2014 and covered the years 2011, 2012, and 2013, Morganelli said.

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<sup>15</sup> [https://www.lehighvalleylive.com/northampton-county/2015/10/bethlehem\\_company\\_principal\\_to.html](https://www.lehighvalleylive.com/northampton-county/2015/10/bethlehem_company_principal_to.html)

Jurors heard from a former company employee, two "so-called subcontractors" and a current employee, Morganelli said. Grand jurors determined those people gave credible testimony, while White did not, Morganelli said.

Charges will be filed over the next few days, according to Morganelli. Due to the nature of the charges, Morganelli said, he won't contest those charged being released on unsecured bail. Over three years, authorities said, Antonio Garcia initially did business as Tony's Drywall and later funneled money to Robert Leuber Drywall, a company that wasn't on the job sites. Garcia, whose American wife would cash the checks, helped deliver \$302,557, \$281,000 and \$300,697 -- minus a 10 percent cut to the subcontractor-- to off-the-books workers, Morganelli said.

Garcia was actually an employee of Salukas & White and he and his wife testified before the grand jury, Morganelli said. Garcia will not face charges because he cooperated with the investigation, Morganelli said. Garcia admitted that some of the testimony he initially gave the grand jury was not truthful, the grand jury's report says.

The grand jury found Mark White "may have intentionally attempted to mislead the grand jury and provided inaccurate and false testimony regarding important and material information being investigated including stating he had no knowledge whatsoever of Leuber Drywall acting as a 'middleman' and/or taking a percentage or cut."

Larry Salukas, speaking with immunity before the grand jury, confirmed the 10 percent cut, according to the grand jury's report.

The grand jury also didn't believe White when he said he didn't know the individuals associated with Tony's Drywall. The company's clerk testified White issued payments to the people doing business as Tony's Drywall, and Garcia and his wife would come into the company to pick up their checks, Morganelli said.

In addition to recommending criminal charges against White and the company, the grand jury suggested the act be reviewed by the Legislature and it consider providing more resources to enforce the act and increase fines.

It can be cheaper, Morganelli said, to violate the law and pay a fine than to do business properly. The fine on the criminal side is \$2,500 per instance and on the civil side, \$1,000 per instance, Morganelli said.

The state Department of Labor and Industry should do spot-checks on the company to insure future compliance with the law, the grand jury said.

Complaints from local building trades pointed the grand jury toward Salukas & White, Morganelli said.

Kevin Lott, the business agent for the Lehigh Valley Carpenters Union Local 600, said after the news conference that the violations are "very unfair to the taxpayers and the businesses that play by the rules."

Lott and three other members of area unions sat in on the news conference. "This is one isolated case," Lott said. "It's a rampant practice of nonunion companies."

He claimed Salukas & White was doing something similar on a Monroe County job. The company does mostly specialty work -- such as drywall -- in commercial settings such as hospitals and colleges, Morganelli said.

"We appreciate the district attorney looking into this," Lott said, adding that the unauthorized workers never earn money toward Social Security or Medicare. "It's something we run into all the time. ... It's a shame that (the charges are) misdemeanors, but they've got to start somewhere."

Lott, who testified before the grand jury, said scams such as the one the grand jury alleges came about early this century when companies were determining how to pay people who were not authorized to be in the United States.

"These people are being exploited," Lott said of the off-the-books workers.

DA Vance, Partners Announce Criminal Charges in Multimillion Dollar Wage Theft and Insurance Fraud Case<sup>16</sup>

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<sup>16</sup><https://www.manhattanda.org/da-vance-partners-announce-criminal-charges-in-multimillion-dollar-wage-theft-and-insurance-fraud-case/>

## ***Defendants Stole More Than \$1.7 Million From 500+ Laborers who Performed Dangerous Construction Work on High-Profile Projects***

Manhattan District Attorney Cyrus R. Vance, Jr., New York State Governor Andrew M. Cuomo, and New York City Department of Investigation (“DOI”) Commissioner Mark G. Peters today announced the indictment of PARKSIDE CONSTRUCTION, its constituent companies, its principals, and an external payroll processing company, AFFINITY HUMAN RESOURCES, LLC, for schemes involving the theft of more than \$1.7 million in wages, as well as workers’ compensation insurance fraud totaling approximately \$7.8 million. The defendants are charged in a New York State Supreme Court indictment with Insurance Fraud in the First Degree, Grand Larceny in the Second and Third Degrees, and Scheme to Defraud in the First Degree, among other charges.

“Amid Manhattan’s luxury building boom, sometimes it’s all too easy to overlook the human beings behind the scaffolding,” said Manhattan District Attorney Cyrus R. Vance, Jr. “Construction workers are responsible for some of the most dangerous jobs in the city, and whether they’re working thousands of feet up in the air or twenty feet below ground-level, they deserve to be paid fairly and fully for their work. My Office made a commitment to fight wage theft, which impacts employees across all industries, but is especially common in the construction business, where unscrupulous employers like the ones charged in today’s indictment are devising new and different ways to cheat and steal. Since launching our joint effort to ensure workplace integrity, my Office and our partners have returned hundreds of thousands of dollars in stolen wages to workers, and I thank our partners for their dedication to this important issue.”

New York State Department of Labor Commissioner Roberta Reardon said: “Unscrupulous individuals must face the consequences of their actions. Governor Cuomo has made it clear time and time again: stealing from hard working New Yorkers is unacceptable. Thanks to the Manhattan District Attorney’s Office, these bad actors no longer just face hefty fines, they face criminal charges as well.”

DOI Commissioner Mark G. Peters said: “The defendants charged in this wage theft scheme played a long con with their employees, promising a decent wage but failing to deliver full paychecks. They flouted workers’ rights by stealing their wages and failing to pay them for the work they did, according to the charges. DOI, the Manhattan District Attorney’s Office, and our partners in the Construction Fraud Task Force will continue to investigate wage theft crimes in the construction industry and attempt to make whole those workers who were cheated out of their rightful pay.”

Port Authority of New York and New Jersey Inspector General Michael Nestor said: “Today’s announcement exposes an insidious pattern of fraud and corruption that allowed the defendants to line their pockets and enrich themselves at the expense of their workers, tax payers, and government agencies. My office will continue to work with the Manhattan District Attorney’s Construction Fraud Task Force, and all our law enforcement partners, to identify, investigate, and bring to justice those who corrupt the integrity of the construction industry.”

The indictment is the result of a long-term investigation into wage theft and other forms of fraud within the construction industry, led by the Manhattan District Attorney's Office's Rackets Bureau and Construction Fraud Task Force, DOI, New York State Department of Labor ("NYS DOL"), and New York State Insurance Fund ("NYSIF"), with additional assistance by the Port Authority of New York and New Jersey ("PANYNJ") Office of the Inspector General and the Business Integrity Commission ("BIC").

#### Wage Theft Scheme

According to the indictment and documents filed in court, between 2014 and 2017, PARKSIDE CONSTRUCTION, its owners, and its constituent companies, which included PARKSIDE CONSTRUCTION BUILDERS CORP., PARKSIDE CONSTRUCTION CONTRACTORS INC., and GS&F ENTERPRISES LLC, stole more than \$1.7 million from employees through a wage theft scheme with the assistance of AFFINITY HUMAN RESOURCES, LLC ("AFFINITY"), a professional employer organization ("PEO"), and its owner. AFFINITY provided PARKSIDE CONSTRUCTION with human resources services such as payroll, employee benefits, and workers' compensation management.

During this period, PARKSIDE CONSTRUCTION had contracts with multiple builders and developers to perform concrete installation and masonry work on several high-rise buildings in Manhattan, including:

- The Marriott Hotels at 215 Pearl Street
- Steinway Tower at 111 W. 57th Street
- Courtyard New York Downtown Marriott at 133 Greenwich Street
- Hilton Garden Inn New York Times Square South at 326 W. 37th Street
- DoubleTree by Hilton Hotel at 350 W. 40th Street
- Public Hotel at 215 Chrystie Street, and
- Jarmulowsky Bank Hotel at 9 Orchard Street.

In total, the contracts represented more than \$100 million in income for PARKSIDE CONSTRUCTION, whose business, on-site operations, and payroll were jointly managed by co-owners FRANCESCO PUGLIESE, 39, and SALVATORE PUGLIESE, 46. JAMES LYONS, 54, served as supervising foreman and YENNY DUARTE, 42, served as payroll manager. In order to keep track of employees' earnings, PARKSIDE CONSTRUCTION, which employed over 500 workers, used computerized face-recognition machines at worksites to record workers' hours. However, as part of the wage theft scheme, printouts from the on-site time-keeping machines were later altered and updated with lower weekly hours than those actually worked. The falsified timesheets were then submitted for processing to AFFINITY. In addition, PARKSIDE CONSTRUCTION and their principals directed MICHAEL DIMAGGIO, 58, an outside accountant, and JERRY HAMLING, 57, the owner of AFFINITY, to pay some workers' wages with so-called "expense reimbursement" checks to hide the fact that these payments were compensation, thereby avoiding making withholding taxes and unemployment insurance contributions.

During the period charged in the indictment, the defendants stole more than \$1.7 million from at least 520 workers who were not compensated for work that they performed at construction sites throughout the city.



### Insurance Fraud Scheme

Between March 2014 and October 2017, PARKSIDE CONSTRUCTION, its owners, and senior employees also hid more than \$40 million in payroll from NYSIF in order to maintain the workers' compensation coverage at fraudulently low premiums.

In New York State, all employers are required to maintain workers' compensation coverage for their employees. The premium for workers' compensation insurance is based on the level of payroll and the type of work performed by a company's employees.

In 2014, PARKSIDE CONSTRUCTION and its constituent companies reported an estimated yearly payroll of approximately \$1.3 million. Based on this information, NYSIF granted policies to PARKSIDE CONSTRUCTION. By 2015, however, PARKSIDE CONSTRUCTION's payroll had grown to more than \$15 million. AFFINITY and HAMLING helped conceal the payroll by falsely informing NYSIF that operations had been restructured, all workers' employment had been terminated, and all direct labor involving construction had been subcontracted out to other vendors. These claims were reiterated and furthered by PARKSIDE CONSTRUCTION's owner, FRANCESCO PUGLIESE, as well as its accountant, MICHAEL DIMAGGIO, who falsely certified that partial records pertaining the company's payroll were complete and accurate.

Based on numerous false statements and submissions, the defendants failed to report more than \$42 million in payroll, thereby evading more than \$7.8 million in insurance premiums. The Manhattan D.A.'s Office's Asset Forfeiture Unit is also filing a civil forfeiture action seeking a total of \$1.7 million with respect to the wage theft scheme and \$7.8 million with respect to the workers' compensation insurance fraud scheme to be used as restitution for victims.

### Joint Wage Theft Initiative

In December 2017, the Manhattan District Attorney's Office and partners in New York City and State government announced a [joint initiative](#) to combat wage theft, worker exploitation, and employer abuse in the construction industry. Within the first six months of the initiative, the Manhattan District Attorney's Office's Construction Fraud Task Force has already returned approximately \$649,000 in stolen wages to workers:

- In April, CITY METRO CORP. and the company's principals [pleaded guilty](#) to Scheme to Defraud in the First Degree for stealing tens of thousands of dollars from workers, and as part of their guilty plea, agreed to pay approximately \$95,000 in restitution.
- In November 2017, WHISK REMODELING was convicted of Offering a False Instrument for Filing in the Second Degree for failing to pay more than two dozen workers approximately \$90,000 in wages.
- And in yet another case, SKY MATERIALS CORP. was convicted of Offering a False Instrument for Filing in the First Degree for submitting false information about the value of the company's payroll. The company agreed to pay approximately \$464,000 in back wages to their workers, which has been paid in full.

### How to Report Wage Theft

Complaints related to wage theft and dangerous work sites may be sent directly and anonymously to the Manhattan D.A.'s Office through WhatsApp at (646) 712-0298. These reports may be investigated by members of the [Construction Fraud Task Force](#), which was formed in partnership with multiple city agencies to identify and pursue criminal cases against those who endanger the wellbeing of others, contribute to industry corruption, and create unsafe spaces in New York City and State.

WhatsApp Manhattan DA: (646) 712-0298  
NYS Department of Labor: 1 (888) 4-NYSDOL

Assistant D.A. Meredith McGowan is handling the prosecution of the Parkside case, under the supervision of Assistant D.A. Diana Florence, Attorney-in-Charge of the Construction Fraud Task Force, and under the supervision of Assistant D.A. Michael Ohm, Deputy Chief of the Rackets Bureau, Assistant D.A. Judy Salwen, Principal Deputy Chief of the Rackets Bureau, Assistant D.A. Jodie Kane, Chief of the Rackets Bureau, and Executive Assistant D.A. Michael Sachs, Chief of the Investigation Division. Manhattan D.A. Construction Fraud Task Force Coordinator Hildalyn Colon Hernandez, Investigative Analyst Amanda Bauza, Trial Preparation Assistant Sophia Inkeles, and Principal Financial Investigator Michael J. Kelly also assisted with the case.

Assistant D.A. Jonathan Chananie is handling the civil asset forfeiture action under the supervision of Assistant D.A. Lynn Goodman, Chief of the Asset Forfeiture Unit. District Attorney Vance thanked the following agencies and individuals for their assistance with the investigation: DOI, and in particular, Commissioner Mark G. Peters, First Deputy Commissioner Lesley Brovner, Deputy Commissioner and Chief of Investigations Susan Lambiase, Associate Commissioner James Flaherty, Inspector General Greg Cho, Chief Investigator James McElligott, Assistant Inspector General Tiffany Ingraham, Assistant Inspector General Dan Taylor, and Investigator Janina Seguencia; NYS DOL, and in particular, Commissioner Roberta Reardon, Deputy Commissioner for Workers Protection James Rogers, Assistant Deputy Commissioner for the Labor Standard Division Milan Bhat, Chief Labor Standard Investigator Frank King, Supervising Labor Standard Investigator Jeong Lee, and Senior Labor Standards Investigator Nicole Jeon; NYSIF, and in particular, Executive Director Eric Madoff, Deputy General Attorney Peter Cusick, Director, Division of Confidential Investigations John Dormin, NYC Supervisor Benedict Emengo, Senior Forensic Auditor Granville Mo, Senior Investigator Dominick Raspante, and Senior Forensic Auditor Winston Sapigao; and PANYNJ Office of the Inspector General, and in particular, Senior Forensic Auditor Mia Chang, Forensic Investigator Jamie King, Supervisory Forensic Investigator Fred Ferrone, Assistant Director of Investigations Salvatore Dalessandro, and Director of Investigations Steve Pasichow.

[1] The charges contained in the indictment are merely allegations, and the defendants are presumed innocent unless and until proven guilty. All factual recitations are derived from documents filed in court and statements made on the record in court.

Defendant Information:

AFFINITY HUMAN RESOURCES, LLC

Rochester Hills, MI

Charged:

- Insurance Fraud in the First Degree, a class B felony, 2 counts
- Grand Larceny in the Second Degree, a class C felony, 1 count
- Penalties for Fraudulent Practices, a class D felony, 5 counts
- Grand Larceny in the Third Degree, a class D felony, 1 count
- Scheme to Defraud in the First Degree, a class E felony, 1 count
- Offering a False Instrument for Filing in the First Degree, a class E felony, 4 counts
- Grand Larceny in the Fourth Degree, a class E felony, 1 count

MICHAEL DIMAGGIO, D.O.B. 11/27/1959

Holbrook, NY

Charged:

- Insurance Fraud in the First Degree, a class B felony, 2 counts
- Penalties for Fraudulent Practices, a class D felony, 12 counts
- Offering a False Instrument for Filing in the First Degree, a class E felony, 12 counts

YENNY DUARTE, D.O.B. 9/12/1975

Queens, NY

Charged:

- Grand Larceny in the Second Degree, a class C felony, 1 count
- Grand Larceny in the Third Degree, a class D felony, 1 count
- Scheme to Defraud in the First Degree, a class E felony, 1 count
- Grand Larceny in the Fourth Degree, a class E felony, 1 count

GS&F ENTERPRISES LLC

Queens, NY

Charged:

- Insurance Fraud in the First Degree, a class B felony, 1 count
- Grand Larceny in the Second Degree, a class C felony, 1 count
- Penalties for Fraudulent Practices, a class D felony, 2 counts
- Grand Larceny in the Third Degree, a class D felony, 1 count
- Scheme to Defraud in the First Degree, a class E felony, 1 count
- Offering a False Instrument for Filing in the First Degree, a class E felony, 2 counts
- Grand Larceny in the Fourth Degree, a class E felony, 1 count

JERRY HAMLING, D.O.B. 5/21/1960

Rochester Hills, MI

Charged:

- Insurance Fraud in the First Degree, a class B felony, 2 counts
- Grand Larceny in the Second Degree, a class C felony, 1 count
- Penalties for Fraudulent Practices, a class D felony, 4 counts
- Grand Larceny in the Third Degree, a class D felony, 1 count
- Scheme to Defraud in the First Degree, a class E felony, 1 count
- Offering a False Instrument for Filing in the First Degree, a class E felony, 3 counts
- Grand Larceny in the Fourth Degree, a class E felony, 1 count

JAMES LYONS, D.O.B. 8/10/1963

Glenham, NY

Charged:

- Grand Larceny in the Second Degree, a class C felony, 1 count
- Grand Larceny in the Third Degree, a class D felony, 1 count
- Scheme to Defraud in the First Degree, a class E felony, 1 count
- Grand Larceny in the Fourth Degree, a class E felony, 1 count

PARKSIDE CONSTRUCTION BUILDERS CORP.

Queens, NY

Charged:

- Insurance Fraud in the First Degree, a class B felony, 1 count
- Grand Larceny in the Second Degree, a class C felony, 1 count
- Penalties for Fraudulent Practices, a class D felony, 3 counts
- Grand Larceny in the Third Degree, a class D felony, 1 count
- Scheme to Defraud in the First Degree, a class E felony, 1 count
- Offering a False Instrument for Filing in the First Degree, a class E felony, 2 counts
- Grand Larceny in the Fourth Degree, a class E felony, 1 count

PARKSIDE CONSTRUCTION CONTRACTORS INC.

Queens, NY

Charged:

- Insurance Fraud in the First Degree, a class B felony, 1 count
- Grand Larceny in the Second Degree, a class C felony, 1 count
- Penalties for Fraudulent Practices, a class D felony, 3 counts
- Grand Larceny in the Third Degree, a class D felony, 1 count
- Scheme to Defraud in the First Degree, a class E felony, 1 count
- Offering a False Instrument for Filing in the First Degree, a class E felony, 3 counts
- Grand Larceny in the Fourth Degree, a class E felony, 1 count

FRANCESCO PUGLIESE, D.O.B. 12/16/1978

Queens, NY

Charged:

- Insurance Fraud in the First Degree, a class B felony, 1 count
- Grand Larceny in the Second Degree, a class C felony, 1 count
- Penalties for Fraudulent Practices, a class D felony, 3 counts
- Grand Larceny in the Third Degree, a class D felony, 1 count
- Scheme to Defraud in the First Degree, a class E felony, 1 count
- Offering a False Instrument for Filing in the First Degree, a class E felony, 3 counts
- Grand Larceny in the Fourth Degree, a class E felony, 1 count

SALVATORE PUGLIESE, D.O.B. 3/3/1972

Roslyn Heights, NY

Charged:

- Insurance Fraud in the First Degree, a class B felony, 2 counts
- Penalties for Fraudulent Practices, a class D felony, 5 counts
- Offering a False Instrument for Filing in the First Degree, a class E felony, 4 counts



## ***Defendants Schemed to Evade More Than \$1 Million in Insurance Premiums, Leaving Injured Workers Unable to Pay For Healthcare or Receive Disability Pay***

Manhattan District Attorney Cyrus R. Vance, Jr., New York City Department of Investigation Commissioner Margaret Garnett, and New York State Inspector General Letizia Tagliafierro today announced the indictment of unlicensed labor broker SALVADOR ALMONTE, JR., 38, and insurance broker STEVEN ASVAZADOURIAN, 40, for an extensive insurance fraud scheme in which they underreported the size of ALMONTE's companies and lied to insurance carriers about the work being performed by his employees in order to evade more than \$1 million in insurance premiums, leaving more than a hundred construction workers underinsured. The defendants are charged in a seven-count New York State Supreme Court indictment with Insurance Fraud in the First Degree, Scheme to Defraud in the First Degree, Criminal Possession of a Forged Instrument in the Second Degree, Offering a False Instrument for Filing in the First Degree, and Fraudulent Practices in violation of Workers' Compensation Law § 114(3).[1]

D.A. Vance said: "These defendants scammed insurance companies to cut costs in one of the City's most dangerous industries with utter disregard for their employees' lives. When his workers were injured on the job, Salvador Almonte refused to cooperate with the Workers' Compensation Board, choosing to leave his employees without access to medical treatment or disability pay in a failed effort to keep his scheme under wraps. Over the last three years, my Office has returned \$7.4 million in stolen wages to workers, and more than \$14 million in unpaid taxes from 104 construction companies to New York State. Together with our partners in the Construction Fraud Task Force, we are committed to seeking justice for workers and protecting them from predatory practices."

DOI Commissioner Garnett said: "These defendants allegedly fabricated construction payrolls and worker classifications, and created fake certificates of insurance, to fraudulently reduce their workers' compensation premiums, according to the charges. These crimes have real consequences. In this case, the falsified information meant construction workers with serious injuries had difficulty obtaining the workers' compensation payments they were entitled to by law, until law enforcement stepped in. DOI worked hand-in-hand with the Manhattan District

Attorney's Office and with our state law enforcement partners to stop this charged conduct and help the workers get the financial assistance they needed.”

NYS Inspector General Tagliaferro said: “As the New York State construction boom continues, today's indictments serve as a warning that companies cannot evade criminal prosecution for workers' compensation fraud. I thank District Attorney Vance and New York City Department of Investigation Commissioner Margaret Garnett and their offices for their efforts in this investigation.”

According to court documents and statements made on the record in court, ALMONTE is an unlicensed labor broker who operates a multi-million dollar construction labor supply business in New York City and the surrounding area. His companies – including Power Services Solutions LLC, Power Services of New York, Inc., South Side Services, Inc., and North Star Strategy, Inc. – provide workers to construction companies engaged in high-rise superstructure projects. As part of his services, ALMONTE is required to show proof that he has a valid workers' compensation insurance policy to cover his workforce.

In January 2015, ALMONTE began an insurance fraud scheme in which he made false representations to five different insurance carriers, including the New York State Insurance Fund, to secure workers' compensation insurance coverage at fraudulently reduced prices. With the help of ASVAZADOURIAN and his insurance brokerage, the Dorian Agency Ltd., ALMONTE evaded more than \$1 million in premiums from the New York State Insurance Fund alone.

Workers' compensation insurance premiums are based on a company's annual payroll and the risk involved in the type of work done by its employees. A larger company engaged in more dangerous work, such as a construction company erecting high-rise buildings, has a workforce that is more expensive to insure. In order to secure cheaper rates, ALMONTE and ASVAZADOURIAN falsely told insurance companies that they were providing coverage for a handful of cleaners or interior carpenters, misleading the insurance carriers about the true size and work performed by ALMONTE's workforce. Once a form of coverage was established for ALMONTE's businesses, or even when no coverage was in place, ASVAZADOURIAN and other employees of the Dorian Agency generated fraudulent “certificates of insurance,” which ALMONTE sent to his clients as proof that he had adequate workers' compensation insurance to cover the construction workers he provided.

Over the past four years, more than a dozen of ALMONTE's workers have been injured on the job. In one case, construction worker Juan Chonillo died on a construction site operated by SSC High Rise, Inc., which at various times used ALMONTE's labor supply services. In July 2018, the company pleaded guilty to Manslaughter in the Second Degree for causing Mr. Chonillo's death.

Many of the injured workers submitted claims to the New York State Workers' Compensation Board after their work-related injuries. In order to hide the insurance fraud scheme, ALMONTE refused to cooperate with the Board when notified to appear. His refusal to acknowledge that he was the employer of injured workers impeded the Board's efforts to assign insurance coverage to these workers, including two who faced extensive delays in receiving disability pay.

One of these workers suffered significant injuries when he fell ten feet on a construction site and landed on top of an exposed piece of capped metal rebar. This worker spent months unable to complete necessary medical treatment, and had to wait almost a year for disability payments that should have been paid to him following his injuries. A second employee, who had to leave his job after suffering a head injury when he was struck by a large piece of wood, waited more than 14 months for disability pay while the Board attempted to determine the identity of his employer in order to establish the responsible insurer carrier.

Assistant D.A.s Kenneth Moore and Leah Keith are handling the prosecution of the case under the supervision of Rackets Bureau Assistant D.A.s Judy Salwen, Principal Deputy Chief; Michael Ohm, Deputy Bureau Chief; and Jodie Kane, Bureau Chief; and Executive Assistant D.A. Michael Sachs, Chief of the Investigation Division. Analyst Danielle Corbett and Damaye Williams, Paralegals Olivia Estes and Claire Williams and Privilege Review Data Specialist Olivia Savell assisted with the case.

District Attorney Vance thanked DOI and the NYS IG's Office, as well as the New York State Department of Financial Services' Criminal Investigations Unit and Insurance Licensing Unit, and the New York State Insurance Fund. D.A. Vance additionally thanked the Port Authority of New York & New Jersey Inspector General and the Metropolitan Transit Authority Inspector General for their ongoing contributions to the Construction Fraud Task Force.

Defendant Information:



SALVADOR ALMONTE, JR., D.O.B. 2/12/1981

Charges:

- Insurance Fraud in the First Degree, a class B felony, one count
- Scheme to Defraud in the First Degree, a class E felony, one count
- Criminal Possession of a Forged Instrument in the Second Degree, a class D felony, three counts
- Offering a False Instrument for Filing in the First Degree, a class E felony, one count
- Fraudulent Practices in violation of Workers' Compensation Law § 114(3), a class E felony, one count

STEVEN ASVAZADOURIAN, D.O.B. 4/4/1979

Charges:

- Insurance Fraud in the First Degree, a class B felony, one count
- Scheme to Defraud in the First Degree, a class E felony, one count
- Criminal Possession of a Forged Instrument in the Second Degree, a class D felony, three counts
- Offering a False Instrument for Filing in the First Degree, a class E felony, one count
- Fraudulent Practices in violation of Workers' Compensation Law § 114(3), a class E felony, one count

[1] The charges contained in the indictment are merely allegations, and the defendants are presumed innocent unless and until proven guilty. All factual recitations are derived from documents filed in court and statements made on the record in court.

Governor Cuomo Announces \$6 Million in Stolen Wages Recovered for Welders and Iron Workers Following Joint Investigation with NYS DOL and Manhattan DA<sup>17</sup>

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<sup>17</sup><https://www.governor.ny.gov/news/governor-cuomo-announces-6-million-stolen-wages-recovered-welders-and-iron-workers-following>

## ***Largest Single Wage Recovery in DOL's 115-Year History Employer Pleads Guilty to Theft of Wages, Convicted of Grand Larceny***

### ***AGL Industries Will Return Stolen Wages to 499 Workers***

Governor Andrew M. Cuomo today announced that a joint investigation between the New York State Department of Labor and the Manhattan District Attorney's Construction Fraud Task Force has led to a plea agreement that will return approximately \$6 million in stolen wages to about 500 welders and iron workers, the largest single wage recovery in DOL's 115-year history. The investigation began following a referral by the Manhattan District Attorney and Iron Workers Local 361 in February 2018.

"We have absolutely zero tolerance for any business that exploits workers and robs employees of hard-earned wages - period," Governor Cuomo said. "With this plea agreement we're holding AGL Industries accountable for its fraudulent practices and returning millions in stolen wages to hundreds of welders and iron workers."

The joint investigation revealed that from November 2013 until December 2017, AGL Industries - based in Maspeth, Queens County - cheated workers out of overtime pay and wages owed and reported fraudulent financial information to the state. When workers brought concerns about underpayment to the company, they were told that there was nothing they could do to receive their proper wages.

This monumental victory for construction workers—who face some of the most treacherous working conditions of any industry and widespread exploitation—is the latest high-profile takedown by the Task Force aiming to prosecute wage theft to the fullest extent of the law. The structural steel fabrication company has admitted to 3rd Degree Grand Larceny and will pay back the money on a five-year plan, starting with a \$1.5 million payment on August 13th. Company official Dominic Lofaso also pleaded guilty to a Class D felony for Grand Larceny. In total, AGL will be responsible for \$6.25 million in restitution, which in addition to wage restitution also includes \$260,855 in contributions due to the state's Unemployment Insurance fund.

Department of Labor Commissioner Roberta Reardon said, "Wage theft and fraud have no place in New York, and unscrupulous companies who break the law will be held accountable. I thank our diligent investigators and Manhattan prosecutors, as well as the heads-up from Local 361 that helped expose these crooks and bring them to justice."

Manhattan District Attorney Cyrus Vance said, "This landmark conviction will restore nearly \$6 million to workers who were cheated out of their rightful earnings. Hundreds of iron workers and welders will now see their wages restored, thanks to my Office's Construction Fraud Task Force - which has restored approximately \$7.4 million to workers since its creation - and the New York State Department of Labor. We are committed to fighting wage theft, which impacts employees across all industries, but is especially common in the construction industry. I urge anyone whose

earnings are being stolen to contact our Task Force through WhatsApp at (646) 712-0298, where you can submit tips anonymously."

Matthew Chartrand, Business Manager for the Ironworker's Local 361 said, "It is our job as labor leaders to assist all workers when they are being wronged. Through the efforts of the Construction Fraud Task Force, as well as the great team at the Department of Labor, one of the bad players in the construction field is being brought to justice. Thanks to all — this is a great job for the benefit of workers!"

In 2018, the New York State Department of Labor collected nearly \$35 million and returned that money to approximately 35,000 workers victimized by wage theft and public work violations. Since 2011, DOL has recovered nearly \$300 million in stolen wages and returned it to more than 280,000 workers who were cheated by their employers.

## NJ Labor Department Issues First Stop Work Orders at Two NJ Construction Sites

TRENTON – The New Jersey Department of Labor and Workforce Development (NJDOL) issued work stoppage orders at two construction sites, managed by Three Sons Restoration, LLC. of Union, for wage violations – a first-of-its-kind action taken by the department after Governor Murphy expanded its enforcement authorities in July.

In accordance with N.J.S.A 34:20-7.1, NJDOL’s Division of Wage and Hour Compliance shut down the work sites, citing the employer for failing to pay the prevailing wage, unpaid and late wages, and failure to keep accurate certified payrolls.

“We have said time and time again that we take wage theft seriously,” said Assistant Commissioner Joseph Petrecca, Division of Wage and Hour Compliance. “With these new authorities given to us by Governor Murphy and the Legislature, this administration will continue to fight for our workers using all means necessary, especially when it comes to making sure our workers are being paid properly, and the playing field is level for our employers.”

In a coordinated sweep, and with assistance from local law enforcement, NJDOL investigators issued the notices at Maurice Hawk Elementary School in West Windsor, Bayonne Fire House, Engine 6 in Bayonne, and the company’s Union, New Jersey, headquarters on August 22, 2019.

A hearing was held on September 4, 2019, and a determination was issued requiring the Stop Work Order be lifted at the Bayonne location, but affirming the Stop Work Order issued for the work being performed by Three Sons Restoration at Maurice Hawk Elementary School. That decision has been appealed by Three Sons Restoration and the matter has been referred to the Office of Administrative Law for a formal hearing. The Stop Work Order for Maurice Hawk Elementary School remains in effect.

The new law also empowers the Commissioner to assess civil penalties of \$5,000 per day against an employer for each day it conducts business in violation of a stop work order. For more information on New Jersey’s wage and hour laws, please visit [myworkrights.nj.gov](http://myworkrights.nj.gov).

3 Busted In \$100 Million Money Laundering Scheme Out Of Cinnaminson: Police<sup>18</sup>

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<sup>18</sup><https://patch.com/new-jersey/cinnaminson/3-busted-100-million-money-laundering-scheme-out-cinnaminson-police>

## ***The scheme was perpetrated out of MAIA Consulting on Route 130 in Cinnaminson, police said.***

CINNAMINSON, NJ — Three people have been arrested in a \$100 million laundering scheme that originated from a Cinnaminson-based business, authorities announced on Monday. Additionally, \$450,000 in cash and deposited funds, nine cars, three motorcycles and 30 high-end watches were seized following a nine-month investigation into the scheme. Search warrants were executed at MAIA Consulting, 803 South Route 130, on Aug. 24, Burlington County Prosecutor Scott Coffina and Cinnaminson Township Public Safety Director Michael P. King announced.

They were also executed at the three homes of the co-conspirators, as well as a self-storage facility. Several bank accounts and the contents of a safety deposit box were seized during the raids. The following people were charged with first-degree financial facilitation of criminal activity, more commonly known as money laundering:

- MAIA Consulting Owner Renato Maia Da Silva, 51, of the Camelot Apartments at Cinnaminson Harbor;
- Wesley Dos Santos, 33, of the 300 block of Berkeley Avenue in Palmyra; and
- Lucas Alves, 34, of the 100 block of Helen Drive in Cinnaminson.

Da Silva was arrested at the business, and the other two co-conspirators were arrested at their homes. All three men are in the country illegally from Brazil, and their cases are being reviewed by the U.S. Department of Homeland Security/Immigration and Customs Enforcement (ICE), police said. A detention hearing for all three is also scheduled for Tuesday in Superior Court.

The majority of the cash seized during the operation was discovered inside the consulting business. The vehicles that were seized included a fully-restored 1967 Pontiac CP Tempest GTO.

"This is not a victimless crime," Coffina said. "These illegal financial transactions have increased the costs of construction in our area, deprived multiple government bodies of needed tax revenue, and placed some of our most vulnerable construction workers at peril from injuries that occur on the job. I'd like to acknowledge in particular our Financial Crimes Unit and the Cinnaminson Police Department for their painstaking efforts in recognizing this complex money laundering operation and building the case supporting the asset seizures and charges we have filed against the defendants perpetrating this scheme, and also thank our other law enforcement partners involved in this operation."

An investigation into the company began in November, when Cinnaminson police officers began to suspect an illegal check-cashing operation was being run out of the business. Police said they learned that multiple construction companies along the East Coast used the business to conceal payments to undocumented workers in the construction industry.

Several individuals laundered \$100 million through an elaborate, illegal check cashing scheme through the company since 2015, police said. MAIA Consulting would cash checks that were issued to shell companies that only existed in order to further the scheme, according to police.

Construction subcontractors who employed undocumented workers used those companies to avoid labor reporting regulations as well as tax obligations and insurance requirements, and MAIA Consulting received a portion of the checks cashed, police said.

The co-conspirators also created and managed their own shell companies in order to rent out the names of construction companies they control and the accompanying insurance policies, police said. Profits were quickly deposited into and withdrawn from bank accounts held by other shell companies that existed in name only in a further attempt to hide the origins of the funds, police said. The hope was to make it appear as though the money was earned from legitimate sources and to mask the identities of the recipients.

The ongoing investigation is being conducted by the Burlington County Prosecutor's Office Financial Crimes Unit, Cinnaminson Township Police Department, New Jersey Division of Criminal Justice, New Jersey Division of Taxation, New Jersey State Police, Palmyra Borough Police Department, U.S. Department of Homeland Security/Immigration and Customs Enforcement and the U.S. Postal Inspection Service.

Anyone with information about these defendants or this case that might be beneficial to investigators is urged to call the Burlington County Prosecutor's Office at 609-265-5035 and ask to speak to a detective in the Financial Crimes Unit.