



ORIGINAL

SUPERIOR COURT, STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

2024 AUG 26 PM 2:05

People of the State of California

v.

THOMAS GREGORY ENGLISH
(DOB: 8/6/1967),

Case #:

24CF05331-02

Declaration in Support of Arrest

The undersigned, Eduardo Martinez, declares that he is an Investigator in the Criminal Investigation Unit of the Labor Commissioner's Office (LCO) - California Department of Industrial Relations (DIR). This declaration is in support of an Arrest Warrant for Thomas Gregory ENGLISH:

INTRODUCTION

In April 2019, the Northern California Carpenters Regional Council (Carpenters) contacted the Attorney General's Office (DOJ) regarding potential wage theft violations against USFW in Oakland. CA DOJ's Division of Law Enforcement (DLE) in Sacramento opened an investigation. US Framing West (USFW) is a construction company specializing in framing contracting. USFW is based in Louisville, Kentucky. USFW is owned by Thomas Gregory ENGLISH (ENGLISH). Amelia Fraizer KREBS (KREBS) worked at USFW as the Accounts Payable Manager. USFW operates nationwide through five regional managers that handle different sections of the country.

As DLE investigated USFW for wage theft, evidence surfaced indicating that USFW was also engaged in worker's compensation fraud, premium insurance fraud, payroll tax evasion and public works project fraud. Based on the evidence of additional criminal activity, investigators from the California Department of Insurance (CDI), California Department of Industrial Relations (DIR), and the California Employment Development Department (EDD) were contacted. A joint investigation was conducted by DOJ Contract Investigator Sang Kim, CDI Detective David Mastros, and myself, DIR Investigator Eduardo Martinez. Ultimately, the investigation revealed that USFW and ENGLISH engaged in employment tax fraud throughout the State of California, as well as wage theft from workers on Veterans Village, a public works project in Cathedral City, CA.



I certify that this is a true and correct copy of the original on file in or issued from this office, consisting of 1 pages.

DAVID W. SLAYTON, Executive Officer / Clerk of the
Superior Court of California, County of Los Angeles.

Date: 8/27/24 By: [Signature], Deputy

INVESTIGATION INTO EMPLOYMENT TAX FRAUD

EXPLANATION OF EMPLOYMENT TAX FRAUD

All employers conducting business in California are subject to the employment tax laws set forth in the California Unemployment Insurance Code. Once a business hires an employee the business is considered an employer and must complete and submit a registration form to the California Employment Development Department (EDD) within 15 days after paying wages in excess of \$100 in any calendar quarter. Registration with the EDD is required by the employer to fulfill its payroll tax obligations under the California Unemployment Insurance Code (UIC). There are four state payroll taxes administered by the EDD: Unemployment Insurance, Employment Training Tax, State Disability Insurance and Personal Income Tax.

The Unemployment Insurance program provides weekly payment to employees that have lost their job through no fault of their own. The Employee Training Tax provides funds to train employees in targeted industries to improve the competitiveness of California businesses. Employers are responsible for paying Unemployment Insurance and Employment Training Tax on wages paid to employees under UIC sections 976 and 976.6, respectively. Employers are additionally responsible for filing quarterly returns with the EDD, documenting these contributions. Willfully failing to pay the contributions is a felony violation of UIC section 2108 and willfully failing to file a return is a felony violation of UIC section 2117.5.

The State Disability Insurance program provides both disability insurance to workers for non-work related injuries and Paid Family Leave (PFL) benefits. PFL pays individuals benefits when he/she is not able to work because they need to care for a seriously ill family member or bond with a new child. Employers are required to withhold money from employees' wages to pay disability premiums. Willfully failing to file a return is a felony violation of UIC section 2117.5. Willfully failing to collect or truthfully account for and pay over the tax or amount is a felony violation of UIC section 2118.5.

California Personal Income Tax is a tax levied by the Franchise Tax Board on income derived within California by both Californian residents and non-residents. The EDD administers the reporting, collection, and enforcement of PIT wage withholdings. Employers are required to both file returns with the EDD reporting Personal Income Taxes withheld from employees, and to collect and pay personal income tax to the EDD. Willfully failing to file a return is a felony violation of UIC section 2117.5.

Under California law, a licensed construction contractor such as USFW that hires the services of unlicensed subcontractors is the statutory employer of the unlicensed subcontractors and their workers. Therefore, wage payments made by USFW to framing carpenters employed by USFW via unlicensed subcontractors and wage payments made by USFW to workers and carpenters misclassified as independent contractors for the period between 2018 to 2023 is payroll that should have been reported to EDD.

However, USFW reported no payroll to EDD from 2018 to the first quarter of 2020. Starting in the 2nd quarter of 2020 to the 4th quarter of 2022, USFW partially reported a few of their framing carpentry workers but still failed to report most USFW carpenters hired via unlicensed subcontractors.

In addition, USFW under the separate business entity USTM (also owned by ENGLISH) had another project in California with two unlicensed subcontractors from January 2023 to June 2023. Neither USFW nor USTM reported these unlicensed subcontractors and/or respective carpenter wages to the EDD.

USFW CONSTRUCTION PROJECTS THROUGHOUT CALIFORNIA

USFW is a Nevada-incorporated business that specialized in wood framing carpentry for multifamily buildings such as apartments and condominiums in the western region of the United States. In addition to USFW, ENGLISH is also the owner and CEO of a family of related companies such as US Framing International (USFI), Patriot Carpentry, and Construction Accounting and Management (CAM), a management entity that reportedly provides accounting and support services for a 5 percent fee based on revenues generated by US Framing affiliated companies.

USFW obtained a construction contractor license from the California Contractors State License Board (CSLB) on July 27, 2017. ENGLISH took and passed the CSLB exam to obtain the USFW CSLB license. Part of the CSLB exam taken and passed by ENGLISH as part of the CSLB license application process consists of a Law and Business section that includes content such as California employment requirements (payroll), prevailing wages, licensing requirements, subcontracting etc. Certified records provided by the California Contractors State License Board (CSLB) indicate that ENGLISH applied for a CSLB contractor's license (License Number 1029366) as owner of USFW on June 9, 2017.

On or about April 2018, according to the earliest payment records to its subcontractors, USFW started work in California, first at AVA Hollywood, an apartment project in Hollywood, CA working under contract with Avalon Bay. According to Ryan Therrien, USFW's Regional Manager for California, ENGLISH was heavily involved in the negotiation of this contract and made trips to California for this project. ENGLISH brought in subcontractors that were unlicensed to work in California. The workers of these unlicensed subcontractors came from outside of California and were housed in hotels paid by USFW. Workers' wages were paid via checks from USFW's business account with no employment tax withholdings. The unlicensed subcontractors hired by USFW in turn paid the carpenters by cash or checks without any employment tax withholdings.

Instead of registering with the EDD and paying payroll taxes for USFW workers, ENGLISH opted to require USFW carpenters to sign a Release/Waiver of Lien document indicating they had been fully paid by USFW and released/waived all liens or claim rights. ENGLISH chose to implement this fraudulent wage payment scheme instead of reporting USFW's actual payroll to EDD, truthfully collecting and accounting for EDD employment taxes, paying overtime wages, paying prevailing wages etc.

Due to performance issues and contract disputes, USFW terminated their work at AVA Hollywood sometime in June 2018, but expanded its overall operations in California. Between 2018 through 2022, USFW worked on multiple construction projects throughout the State. The following chart provides a list of USFW projects in California that are the focus of the joint investigation:

PROJECT	COUNTY	DATES
STAYBRIDGE SUITES	Orange	5/18/18 through 4/23/19
QUARRY CREEK	San Diego	5/1/18 through 4/23/19
AVA Hollywood	Los Angeles	1/26/18 through 7/6/18
1031 WALNUT AVE	Alameda	8/24/18 through 12/13/19
OHLONE BLOCK B	Santa Clara	8/17/18 through 8/10/19
301 19 th Street	Alameda	8/24/18 through 11/15/19
WARM SPRINGS	Alameda	6/15/18 through 12/27/19
975 BRYANT STREET	San Francisco	9/6/19 through 12/27/19
PACIFIC & PINE	Los Angeles	1/1/20 through 6/1/20
10 WEST WALNUT	Los Angeles	2/12/20 through 4/13/21
REGENCY PALMS	Los Angeles	5/15/20 through 1/22/21
LOFTON @ Portola	San Francisco	11/17/20 through 3/12/21
THE ATCHINSON	Contra Costa	8/30/21 through 3/14/22
VETERAN'S VILLAGE	Riverside	9/1/21 through 2/1/22
KAWANA SPRINGS	Sonoma	11/9/2021 through 6/20/22

INTERVIEWS WITH GENERAL CONTRACTORS

THOMAS GARLOCK, Senior Vice President of West Region for LMC

On December 15, 2022, CA DOJ Inv. Kim and I, Inv. Martinez, interviewed Garlock. LMC initially hired USFW to finish the framing work at its Carlsbad project (Quarry Creek) and then hired USFW for the Oakland project (19th & Harrison) and the Fremont project (Warm Springs).

During numerous in-person meetings and phone calls with ENGLISH while negotiating the contracts, ENGLISH often made claims that he was the biggest framer in the country with more than 2500 framers that he could move around the country. ENGLISH assured Garlock that he had enough workers for the projects, and they were all his employees.

USFW constantly had labor shortage issues causing delays and poor quality of work at both Oakland and Fremont. Garlock and his managers had to constantly pressure ENGLISH and USFW managers to provide more workers. ENGLISH also often told Garlock that he was bringing in more workers from different parts of the country. ENGLISH made frequent trips to the LMC worksites. The projects were not completed until sometime in 2020 due to the shortage of framers and quality control issues.

Garlock did not recall USFW reporting the use of any subcontractors, nor providing their CSLB licenses and proof of insurance to LMC. Throughout both projects, ENGLISH made numerous verbal representations to Garlock that all the workers were his employees, not subcontractors. After the incident in Oakland where subcontractor Jorge Ramirez Sr's workers refused to return to work due to nonpayment, Garlock asked ENGLISH to provide CSLB licenses of all their subcontractors, if any, and to remove all non-employees of USFW. All workers returned to work and the work resumed, so Garlock assumed the worker pay issues were resolved.

As a result of wage claims from workers at the Oakland LMC worksite later filed with the Labor Commissioner's Office, Garlock realized that USFW used unlicensed subcontractors despite ENGLISH's repeated claims that they were USFW's employees. Garlock believed ENGLISH had a very detailed knowledge of USFW's daily operations at both projects because he often visited the worksites and was regularly informed on the ongoing issues through written correspondences and phone calls. ENGLISH's responses to the issues LMC raised indicated that he knew what was going at both worksites.

ERIC GEIGER, BLF Superintendent

On April 13, 2023, CA DOJ Inv. Kim and I, Inv. Martinez, interviewed Geiger. Geiger was BLF's superintendent at the 10 W Walnut project in Pasadena. BLF and USFW had 2 building each and 1 bigger building to frame together. It was supposed to take 5-6 months, but it took over a year to finish because USFW was unable and unwilling to do the job correctly. At one point, BLF had to take over a building from USFW because of the lack of progress and constantly having to re-do their work.

"Margarito" was a lead man who worked on one building with about 5 to 15 workers from late January or early February of 2020 for about 1 year. Hugo Jimenez (Jimenez) was another lead man with about 5 to 10 workers. Jimenez came to the site in the middle of 2020 and worked for 2-3 months. Geiger did not remember the names of other lead men or how many workers they had, but he thought they were all USFW employees. Geiger remembered one particular worker by the name of Jose Bonilla, who worked for about 1 month at the beginning stage of the framing work. Geiger recalled many of the workers working for USFW seemed to have come from out of state from the conversations he had with them.

Geiger prepared Subcontractor's Daily Logs which BLF submitted to the general contractor Morley Builders (dba Benchmark). He listed the number of USFW's workers separately from the number of BLF workers on the logs. Geiger walked around the worksite each day, counted the actual number of USFW (described as non-BLF workers) workers every day and reported the number on the daily log. Geiger had his own daily sign in sheets and had all USFW workers to sign in. When Morley instituted their own Daily Sign-in Sheets for Covid trace and tracking, sometime in September 2020, Geiger stopped having the USFW workers sign in on his daily sign in sheets because everyone working at the site now had to sign-in on the Morley sign in sheets (already obtained from Morley). Geiger had all workers, including USFW workers, attend the initial safety orientation meeting, weekly safety meetings, and periodic safety refresher meetings (already obtained from Morley).

Geoffrey Gonzalez, Project Manager of CP Construction

On June 1, 2023, CA DOJ Inv. Kim and I, Inv. Martinez interviewed Gonzalez. CP Construction contracted with Mitsui for the framing work at the Old County Road Project in Belmont. Mitsui then subcontracted with USFW for the labor portion of the framing contract. USFW started their work on the project sometime in July 2022 and finished most of their framing work by early 2023. USFW workers continued to return to work to do additional work and/or cleanup work until about April 2023.

Gabriel Gonzalez, Superintendent for Urban Community Builders (UCB)

On July 1, 2021, CA DOJ Inv. Kim and I, Inv. Martinez, interviewed Gonzalez, who was the Superintendent at Regency Palms in Palmdale for Urban Community Builders (UCB). As a result of the June 16, 2020, unannounced visit by the Carpenters Union, Gonzalez discovered that USFW was using JB Framing (Jose A. Bonilla Recinos), an unlicensed subcontractor, for all the framing labor work at the site. Bonilla and the workers were from Colorado.

Bonilla told Gonzalez that he was not licensed in California, and he was paying his workers in cash by the piece rate. Gonzalez demanded USFW to remove Bonilla from the worksite and to produce California state contractor license and proof of workers comp insurance. Gonzalez noted that Bonilla's workers signed in on the daily sign in sheets under JB Framing prior to 6/16/2020, but they signed in under USFW after the incident. USFW's Foreman, Mauricio Mar, told Gonzalez that they were previously signing in under their crew's name for internal tracking purposes and they were, in fact, USFW employees. USC allowed Bonilla's crew back at the worksite, but shortly thereafter, Bonilla's crew left the worksite and USFW brought in different workers.

UNLICENSED SUBCONTRACTORS HIRED BY USFW

Between 2018 through 2022, USFW utilized the services of over 40 different unlicensed subcontractors throughout California. However, this joint investigation initially focused on the following ten unlicensed subcontractors:

UNLICENSED SUBCONTRACTORS	START DATE	END DATE
Maciel Builder LLC	January 2018	March 2019
J. Ramirez Construction	December 2018	March 2019
Greenstone LLC	October 2018	April 2019
CMET Enterprise LLC	August 2018	June 2019
Good Future Framing	October 2018	December 2019
M&S Eagle Framing Construction LLC	September 2018	October 2020
Adrian Lemus	June 2019	June 2019
Eswin E. Gramajo	July 2019	July 2019
JB's Framing Company LLC	March 2020	October 2020

USFW employed the above-listed unlicensed subcontractors, who in turn recruited and brought in workers, primarily carpenters, to work on USFW projects. By only paying unlicensed subcontractors, USFW intended to distance themselves from the carpenters that worked on USFW projects to avoid reporting these workers to EDD as USFW employees. Thereby, circumventing USFW's legal

requirement to withhold & submit employment taxes to EDD for all USFW employees based in California.

While this business model may be legal in other States, it is not legal in California. Under California Labor Code sections 2750 and 2750.5, unlicensed subcontractors are considered employees. In California, when a licensed construction contractor hires an unlicensed subcontractor, that unlicensed subcontractor becomes an employee of the licensed contractor. Knowledge of this law is required and tested by CSLB when contractors seek to obtain a contractor's license in California.

INTERVIEWS WITH UNLICENSED SUBCONTRACTORS HIRED BY USFW

Jorge [REDACTED] Sr.

On September 8, 2021, CA DOJ Inv. Kim and I, Inv. Martinez, interviewed [REDACTED] Sr. [REDACTED] son, Jorge [REDACTED] Jr. was the USFW Superintendent at the worksite in Oakland. [REDACTED] Sr. did not have a contractor's license to work in California but was hired anyway. [REDACTED] agreed on a verbal contract for the piece rate. In October 2018, [REDACTED] brought about 20-30 workers, mostly his family members, from Texas to Oakland and hired additional local workers. USFW housed [REDACTED] and his crew at Extended Stay America hotel in Fremont and paid for the rooms. [REDACTED] paid his workers by the hourly rate based on what he expected to be paid from USFW. Soon, [REDACTED] started having problems with USFW shorting his pay and not paying him on time. In February or March 2019, when USFW placed a stop payment on the check for about \$18,000 or \$19,000, [REDACTED] quit working for USFW. Most of his workers he brought to Oakland went back to Texas with him. He paid them in full with approximately \$60,000 of his own money.

Armando [REDACTED]

On September 15, 2021, CA DOJ Inv. Kim and I, Inv. Martinez, interviewed [REDACTED] [REDACTED] was hired to work at 10 W Walnut in Pasadena. [REDACTED] was hired by USFW knowing he did not have contractor's license.

[REDACTED] assembled a crew of 4-10 workers and worked in Pasadena from October 2020 to February 2021. USFW often shorted his paychecks. There were other crews at the worksite, but they were from out of state. [REDACTED] was reinterviewed on 11/9/2021 and he was able to provide Inv. Martinez the names of 9 workers of his crew while working in Pasadena. He said he paid his workers in cash.

Jose A. [REDACTED]

[REDACTED] contacted USFW while he was in Colorado and was offered a job in California. [REDACTED] was told it was no problem that he was not licensed in California. [REDACTED] took 14 workers from Colorado and rented a ranch house in Palmdale to house his workers. He paid for the rent himself. [REDACTED] and his crew worked at the Palmdale worksite from March or April 2020 to October 2020. After the June 16, 2020, unannounced visit from the Carpenters Union, [REDACTED] told Gabriel [REDACTED] of UCB that he was a subcontractor of USFW, he was unlicensed in California, and he was paying his workers with no tax deductions. USFW did not short [REDACTED] on his paychecks. [REDACTED] provided the names of 12 of his workers.

Eswin Eduardo [REDACTED]

On September 30, 2021, CA DOJ Inv. Kim and I, Inv. Martinez, interviewed [REDACTED]. Eswin's brother Yonatan [REDACTED] had a contract to work at USFW's Warm Springs in Fremont in 2018. Eswin first worked as a Yonatan's employee, but soon established his own company in Texas (Good Future Framing) and got his own contract with USFW. He negotiated a verbal contract with USFW for \$30 for each hour of work his workers performed. Eswin recruited workers from Texas and brought them to Fremont. Eswin paid his employees \$18-\$22 per hour.

Eswin told USFW he did not have a contractor license to work in California and they never asked for the license but did ask Eswin to provide his own workers comp insurance and general liability insurance. Eswin obtained workers comp and general liability insurance from a company in Houston, Texas. Eswin worked in Fremont from September or October 2018 to November or December 2019. Eswin usually had 12-18 workers working for him and 8 workers towards the end. He usually had 6 workers at Warm Spring in Fremont, 6 workers at 19th & Harrison in Oakland and 6 workers at 1031 Walnut Street in Fremont. Eswin eventually quit working for USFW because they shorted his payments.

Yonatan [REDACTED]

On September 30, 2021, CA DOJ Inv. Kim and I, Inv. Martinez, interviewed [REDACTED]. Sometime around September 2017, Yonatan was referred to USFW by a friend. Yonatan went to Florida to work for US Framing as a subcontractor. Yonatan brought about 40 workers with him to Florida from Texas. When the work in Florida was finished, USFW asked him to go to California and work at Warm Springs project in Fremont. The USFW superintendent prepared his invoices to be submitted to USFW every week. Yonatan told USFW he did not have a contractor license in California and was told it was

no problem. Yonatan negotiated and signed a contract with USFW, but he never received a copy. Yonatan took the workers he had in Florida with him and recruited additional workers from Texas. He worked at the Fremont site from April 2018 to the end of 2019.

Yonatan and all his workers stayed at Extended Stay America hotel in Fremont during the entire time he and his crew were working in Fremont. He had about 20 rooms with 4 workers in each room. USFW paid for the hotel. (Inv. Kim found Yonatan [REDACTED] on the guest records of Extended Stay America in Fremont, #8654, from 7/2/2018 to 12/18/2019).

Warm Springs in Fremont was the only site he and his crew worked from April 2018 to the end of 2019, with the exception of working about 2 weeks at US Framing's Oakland worksite at the end of 2019. While his crew worked at the Fremont site, he received approximately \$60,000-\$70,000 a week from US Framing. He did not get paid about \$65,000 for the work his crew did at the Fremont site and \$5,000 for the Oakland site. (Investigator Kim reviewed USFW's Chase Bank account records and found USFW paid "Yonatan [REDACTED] approximately \$1,050,000 from August 2018 to July 2019) Yonatan paid his workers with checks from his Chase Bank account. He paid his workers between \$21 to \$28 per hour without taking any payroll deductions. Yonatan had his own workers compensation insurance and general liability insurance by paying extra premium on the policies he already had in Texas.

Gerardo [REDACTED]

On December 1, 2021, CA DOJ Inv. Kim and I, Inv. Martinez, interviewed [REDACTED] [REDACTED] started working at Warm Springs as a subcontractor of USFW with his crew of 2-5 workers. He then worked at 975 Bryant in San Francisco, 10 W Walnut in Pasadena, Palms Regency in Palmdale. [REDACTED] was sometimes paid by Total Framing Solutions and Total Construction Solutions. He once had a problem with one check from Total Construction Solutions, however he later received a check from USFW for the money. (According to the records seized from USFW in June 2023, [REDACTED] was working at Kawana Springs for USFW at the time of the interview and continued to work there until May 2022)

INTERVIEWS WITH USFW CONSTRUCTION WORKERS

Luis [REDACTED] ntes

On June 1, 2021, CA DOJ Inv. Kim and I, Inv. Martinez, interviewed [REDACTED] Velasquez was hired directly by USFW and worked at the Long Beach worksite in 2020. USFW deducted taxes from his

paychecks (his name appears on the EDD report). However, in August 2020, USFW stopped paying him for a few days of work and changed the hourly rates to the piece rate.

██████████ said that many people quit working around this time and left the worksite. He started receiving personal checks from Joe Garcia (USFW) but no taxes were deducted. (It was later determined that "Total Construction Solutions" paid them in August and September 2020). USFW had 20-30 workers from Texas and Alabama at the Long Beach worksite and one of them told ██████████ that they were being paid in cash.

██████████ was reinterviewed on November 11, 2021, and November 22, 2021. ██████████ cousins, Freddy ██████████ and Melvin ██████████, worked for USFW as piece rate workers in Long Beach for 2-3 months. When asked about Total Framing Solutions or Total Construction Solutions, ██████████ said he never worked for them. ██████████ told us he considered the checks from Total Construction Solutions as "personal checks" because there was no payroll taxes withheld. USFW still owes ██████████ and ██████████ wages for about 60 hours of work. On November 23, 2021, ██████████ provided pictures of check subs they received from Total Construction Solutions.

Isai ██████████

On June 7, 2021, CA DOJ Inv. Kim and I, Inv. Martinez, interviewed ██████████ who worked for Jose Maciel in San Jose (Ohlone B) from September 2018. Maciel had a crew of about 30 workers, most of them from Utah or Arizona. A few months later, Maciel quit working for US Framing and left the worksite. ██████████ was hired by USFW along with many of Maciel's former workers and continued to work at the same worksite. USFW brought in another crew of about 30 workers from Arizona. Neither Maciel nor USFW deducted taxes from his paychecks. While he worked at the San Jose worksite, ██████████ stayed at Extended Stay America hotels in Fremont and Milpitas and believed USFW paid for the hotel rooms, often housing 3-6 people per room. Sometime in the summer of 2019, ██████████ worked for US Framing in Florida, but stopped working for USFW after they shorted his pay.

Javier ██████████

On June 19, 2021, CA DOJ Inv. Kim and I, Inv. Martinez, interviewed ██████████. While ██████████ was working for Hugo Jimenez, a subcontractor of USFW with 10-15 workers at 10 W. Walnut in Pasadena, Joe Garcia hired him as an Assistant Foreman. After the work in Pasadena was finished, USFW relocated him first to Colorado, then to Montana. ██████████ said USFW offered a job assignment in

California in August 2021 (it was later discovered to be Atchison in Pittsburg). Gilbert [REDACTED] Javier [REDACTED]'s nephew, stated that Javier was working in Montana with Margarito Aguilar.

Jorge [REDACTED]

On April 5, 2022, CA DOJ Inv. Kim and I, Inv. Martinez, interviewed [REDACTED] [REDACTED] worked for USFW in Fremont (Documents seized from USFW indicate he worked at Warm Springs and 1031 Walnut. Bank records show [REDACTED] being paid by USFW from July 2019 to February 2020 and by Total Framing Solutions from March 2019 to May 2020). [REDACTED] was often paid late or not at all. On one occasion, USFW deducted \$847.37 from his paycheck (USFW check #22329, issued on 3/3/2020). A USFW supervisor told [REDACTED] the deduction was for insurance; however, [REDACTED] never signed any paperwork authorizing USFW to deduct money from his pay for insurance.

Pedro [REDACTED]

On August 17, 2022, CA DOJ Inv. Kim and I, Inv. Martinez, interviewed [REDACTED] Margarito Aguilar Sandoval, the owner of M&S Eagle Framing, [REDACTED]. Both Margarito and [REDACTED] initially worked for USFW and Patriot Carpentry since 2011 or 2012.

In September 2018, USFW rented 3 vans and transported the entire crew of M&S Eagle (20-25 workers) to California to work in Fremont. [REDACTED] recognized approximately 22 names which appear as regular payees from M&S Eagle's checking accounts as the people he worked with under Margarito. When they arrived at the worksite, there was already another crew of about 20-30 workers there. All M&S Eagle crew workers, including Margarito, stayed in Extended Stay America hotel, 3-4 workers in a room.

In early November 2019, Margarito's crew worked on a small project in San Francisco for about 2 months before going to a new worksite in Long Beach at the end of December. Margarito split up his crew between the Long Beach worksite and another worksite in Pasadena. At Long Beach, there was another crew of about 5-7 workers led by Adrian Lemus. Margarito's crew in Long Beach stayed at an Extended Stay America hotel in Long Beach and the crew in Pasadena were housed in another hotel in the Pasadena area. [REDACTED]'s paychecks never had any payroll deductions for taxes or hotel expenses.

Sometime in February 2020, [REDACTED] filed a worker's compensation claim against USFW. A week or two later, Margarito fired him. After he was fired, he filed a lawsuit against USFW and ENGLISH.

Pedro believed he always worked for USFW, not Margarito because USFW supervisors repeatedly told him to say he worked for US Framing if anyone asked him.

Ryan Therrien interview

Ryan Therrien was interviewed on July 31, 2023, and August 2, 2023. Therrien was the Project/Regional Manager of US Framing West in California from 2018 to 2022. Therrien stated that Thomas English was intimately involved in most USFW contract negotiations and day to day operations for California projects. Thomas English decided which unlicensed subcontractors to use at each project in California (mostly brought in from out of state), how much to pay these subcontractors, and how to accommodate their required lodging. None of English's subcontractors were licensed in California. Thomas English was aware of California laws concerning payroll taxes; however, he decided not to comply with these laws. English instead chose to pay unlicensed subcontractors without any California payroll tax withholdings. English required unlicensed subcontractors to submit Wage Release Waivers signed by workers indicating that workers were paid all wages due by USFW to receive payment.

DETERMINING USFW PAYROLL FOR CALIFORNIA WORKERS

From 2018 through the end of 2019, USFW did not report any employees to EDD. Starting in 2020, USFW began reporting some employees to EDD, but nowhere near the number of employees they employed at construction sites around the State. In 2021 and 2022, USFW began reporting a greater number of employees, but again, these numbers reported by USFW were still below the true number of workers and wages paid by USFW in California.

USFW would pay the unlicensed subcontractor, who in turn would pay the workers. Through worker interviews, as well as interviews with several unlicensed contractors hired by USFW, it was discovered that Thomas English and USFW routinely provided lodging for their workers and carpenters at hotels such as Extended Stay America.

To determine where USFW had construction crews working in California, investigators obtained voluminous bank records via search warrants, along with records from Extended Stay America hotels. During this investigation, the following search warrants were executed for bank records and for records from Extended Stay America hotels:

SW No.	COUNTY	AUTHOR	DATE	TARGETS & LOCATIONS
2019-4543	Alameda	CA DOJ SA Alex Romero	8/8/19	(1) JP Morgan CHASE Acct 361923920 for Jorge Ramirez from Jan 1, 2019, to present (2) Wells Fargo for Jorge Ramirez Bank Acct 3629839170, Jan 1, 2019, to present
2019-6048	Alameda	CA DOJ SA Alex Romero	8/8/19	<i>Supplemental, SW #2019-4543</i> Adding Wells Fargo Accts for Maria Ramirez Acct ending 881, Jan 1, 2019, to present
2020-1172	Alameda	CA DOJ SA Alex Romero	2/26/20	<i>Supplemental, SW #2019-4543</i> (1) Thomas English, USFW, bank acct 083000137 at JP MORGAN CHASE from Aug 1, 2018, to present (2) Thomas English, USFW Extended Stay America accts from Aug 1, 2018, to present
2020-4456	Alameda	CA DOJ SA Alex Romero	7/21/20	Extended Stay America hotels accts for Thomas English and/or USFW from Jan 1, 2018, to present for: - Fremont, #8654, #9605 - Richmond, #8724; Arcadia, #916 - Milpitas, #898, #9606 - San Jose, #8747, #8722 - San Mateo, #9611; Alameda, #8561 - Oakland, #8644; Long Beach, #932
2021-2054	Alameda	CA DOJ SA Alex Romero	3/29/21	USFW, US Framing International LLC; Thomas English accounts at: (1) JP MORGAN CHASE, 083000137 from March 1, 2020, to present (2) Extended Stay America hotels from March 1, 2020, to present (3) Citizens Union Bank accts from Sept 1, 2018, to present
2021-3164	Alameda	CA DOJ SA Alex Romero	5/13/21	(1) Margarito Aguilar, M&S Eagle Framing WELLS FARGO Accts Sept 1, 2018, to present (2) Sun Trust Bank, Glenn Crawford and Total Framing Solutions from Jan 2019 to present
2023-3153	Alameda	CA DOJ SA Etienne Salhani	5/10/23	JP Morgan Chase - Maciel Builders/Jose Maciel - Good Future Framing LLC / Eswin Gramajo de Leon - Yonatan Gramajo de Leon - Hugo Jimenez - Lemus Carpentry/Adrian Lemus - Greenstone LLC/Omar Medina Contreras

SW No.	COUNTY	AUTHOR	DATE	TARGETS & LOCATIONS
				- USFW / TAF, LLC / USTM, LLC SunTrust Bank - Total Framing Solutions LLC and Total Construction Solutions Wells Fargo - Maciel Builders/Jose Maciel - JB's Framing Company/Jose Antonio Bonilla Recinos US BANK Greenstone LLC/Omar Medina Contreras
2023-4457 <i>*Supplemental for 2023-3153</i>	Alameda	CA DOJ SA Etienne Salhani	6/26/23 Orig. Date 5/10/23	<i>Supplemental to SW #2023-3153 for the following bank records:</i> Wells Fargo - Maciel Builders/Jose Maciel - JB's Framing Company/Jose Antonio Bonilla Recinos

DOJ AUDIT & EDD AUDIT

The bank records were then reviewed by DOJ Investigative Auditors Darrell Early and Angela Pappas, who conducted a forensic audit involving over 8,000 checks to create "payroll" wages for USFW. The forensic audit was then submitted to EDD Auditor Mason Soetanto who conducted an audit.

Auditor Soetanto determined that the employment tax loss to the EDD as a result of USFW unreported and/or underreported payroll from A [REDACTED] March 31, 2022, was \$2,577,289.68. A breakdown of the losses are as follows:

CA PAYROLL TAX	AMOUNT NOT WITHHELD
Unemployment Insurance (UI)	\$741,204.98
Employment Training Tax (ETT)	\$21,007.32
State Disability Insurance (SDI)	\$262,786.46
Personal Income Tax (PIT)	\$1,551,597.92
TOTAL	\$2,577,289.68

SEARCH WARRANT AT USFW HEADQUARTERS IN KENTUCKY

In addition to search warrants for bank records, a search warrant was conducted on June 7, 2023, at USFW headquarters in Louisville, Kentucky. The search warrant was drafted and executed in coordination with Louisville PD, Kentucky State Troopers, the Kentucky Dept. of Insurance, along with CA DOJ, CA DIR and CA DOI. During the execution of the warrant, the following interviews occurred:

Kevin Gardner, Chief Financial Officer of Construction Accounting and Management (CAM)

On June 7, 2023, Inv. Kim and I, Inv. Martinez interviewed Gardner. Gardner was interviewed during the execution of a search warrant at US Framing headquarters in Louisville, Kentucky.

Gardner told us that CAM provides accounting and budgetary services to USFW including making payments to its vendors, for a fee of 2% of the total revenue. Gardener described USFW as one of the “operating entities that contract with clients. They have a choice of representing themselves as a US Framing brand or not. If they choose to do that, they choose to use our services, they pay us a fee. It’s project by project.”

Gardner described Ryan Therrien as a “project manager” and said, “Every project manager by that title is his own entity” and is paid in commission. Gardner added that only USFW and USTM have operated in California. Gardner said, “To my knowledge, TAF Framing never did any business anywhere.” Gardner did not recall any financial transactions involving TAF Framing. USFW sends bills and timesheets to CAM electronically and CAM processes the payments. The “field” management staff hires subcontractors and sends their information to CAM. USFW has been operating in California, but “USTM is finishing up a project there ... now [identified as the project in Morgan Hill].” Ryan Therrien was the project manager who initiated the project and he hired “MS Eagle” for the project. Gardner said, “Because there is a contract signed with that legal entity, we are seeing to the obligation.” (The contract was signed by ENGLISH representing USTM)

Gardener recognized the name “Margarito,” as associated with MS Eagle. Gardener said, “Every operating entity has a contract with each of the subs.” Margarito’s supervisor submits “schedule of values,” indicating how much work they have done for the pay period to CAM and CAM makes payments to MS Eagle from the USTM and USFW bank accounts. There are five signatories on USFW and USTM bank accounts, Kevin Garner, Thomas ENGLISH, Andrew ENGLISH, Heather Carricato

(Administrative Assistant) and Lynn Vanarsdale (Corporate Manager). Any two signatures are required on every checks.

Therrien left the company after he set up the Morgan Hill project and now works for another company.

Emily Tatum, Controller, used to provide USFW's payroll information to ADP to have checks issued and report the payroll to the State of California. Tatum was terminated in the first quarter of 2023.

Gardner said they began using an outside service provider to report payroll in California around the time he became the CFO (about 3 years prior to the interview). Amelia Krebs in Account Payable processes all checks for anyone other than "W2" employees, including payments to subcontractors of USFW.

Krebs has been AP manager for approximately 3 years.

THOMAS ENGLISH, Owner

On June 7, 2023, CA DOJ Inv. Kim and I, Inv. Martinez, interviewed ENGLISH during the execution of the search warrant. ENGLISH said he is the managing member of USFW, however he had minimal involvement in negotiating the contracts and managing the project, stating that Ryan Therrien found the projects, negotiated the contract and secured the workers for the jobs. Joe Garcia, "National Manager" and "part owner of US Framing West," assisted Therrien with the projects in the West.

When asked why USFW neglected to report its workers to California Employment Development Department (EDD), ENGLISH said, "I've very rarely ever went out there [California] and got involved with those [California] jobs." When asked about worker shortage issues USFW was having on the California projects, ENGLISH said, "I do not know those jobs very well" and added USFW lost money on the California projects and he was not involved in day-to-day operations, including worker shortage issues. ENGLISH emphasized he was not involved with the day-to-day operations of his companies and does not sign any checks.

Glenn Alex Crawford is his project manager for the Carolina region, based in South Carolina, doing the same jobs Therrien did in California. To his best recollection, Crawford never worked in California.

Both ENGLISH and his corporate attorney Mike McKinney said the only project Crawford was involved in outside his region was one project in Arizona. When asked if he was familiar with companies called Total Framing Solutions or Total Construction Solutions, ENGLISH replied, "It sounds familiar," but said he was not sure. Investigator Kim asked ENGLISH why certain subcontractors working for USFW in California were paid by Total Framing Solutions and/or Total

Construction Solutions. McKinney interjected at that point, stating that ENGLISH would answer to general questions, not specific questions.

When Inv. Kim asked ENGLISH who at USFW handled the payments to its subcontractors before they started using ADP for payroll services, ENGLISH terminated the interview.

EVIDENCE SEIZED FROM USFW HEADQUARTERS IN KENTUCKY

The search of USFW's headquarters in Louisville, Kentucky revealed evidence that Thomas English was the owner of US Framing affiliated companies including USFW and USTM. In addition, evidence of the following was found:

- Thomas English's involvement in setting pay rates for California subcontractors.
- USFW payments to California unlicensed subcontractors requiring approval by Thomas English.
- Thomas English intimate involvement with subcontractors and their workers including providing lodging in California hotels or rented apartments and/or houses.
- Thomas English intimate involvement with USFW's day-to-day operations (emails and letters) for California projects, including labor shortages, work quality, work delays, and responses to general contractors regarding these issues.
- Thomas English often notified that workers on USFW projects were not being properly paid. Thomas English often assured general contractors that all workers at USFW California worksites were USFW employees and that USFW did not have any subcontractors onsite.
- Thomas English providing certified payroll documents to BLF stating that all workers at 10 W. Walnut Project in California were workers of TAF Framing (Owned by Thomas English), not the workers of subcontractors.

INVESTIGATION INTO WAGE THEFT ON A PUBLIC WORKS PROJECT

VETERANS VILLAGE PUBLIC WORKS PROJECT

In August 2021, USFW contracted to provide framing for the Veterans Village of Cathedral City (Veterans Village) construction project, located at 30600 Landau Blvd in Cathedral City, CA 92234. The Veterans Village project involved the construction of a 65-unit apartment complex and construction took place from approximately August of 2021 until through March 2022.

The general contractor on the Veterans Village project was Doug Wall Construction, Inc. (DWC). DWC then hired Mitsui Home America LLC (MHA), another construction firm, as a subcontractor. MHA had a previous relationship with USFW and reached out to USFW Regional Manager Ryan Therrien (Therrien), about assisting MHA on the Veterans Village project. Ultimately, Therrien decided that USFW would join the Veterans Village project as a favor to MHA and provided framing labor (carpenters) for the project.

The Veterans Village construction project was a public works construction project, meaning some or all the funds for this construction project were public funds. For public works projects over \$1,000, all workers are required to be paid the “prevailing wage” for the duration of the project. The prevailing wage rate is the basic hourly rate required to be paid on public works projects to workers engaged in a particular craft, classification, or type of work within the applicable locality and/or nearest labor market area.

Additionally, all wages paid to workers on public works projects are required to be reported and submitted in Certified Payroll Records (CPRs), signed under penalty of perjury, to DIR via DIR’s online portal. The applicable prevailing wage rate for carpenters for the Veterans Village project was \$56.85 per hour as published by DIR prior to the beginning of the project.

On August 21, 2021, DWC sent an email to USFW outlining the requirements for a public works project and the prevailing wage. On September 8, 2021, DWC sent another email to staff at USFW, including KREBS as the Accounts Payable Manager at USFW, informing everyone about the compliance requirements for a public works project.

On September 14, 2021, USFW had workers starting at Veteran's Village. The workers had been told by USFW they would be paid "piece rate" for this project, not the prevailing wage. Piece-rate work or earnings is a type of employment in which a worker is paid a fixed rate for each unit produced or action performed, regardless of time or hours worked.

As construction moved forward at the Veterans Village project, USFW paid some of their carpenters on an hourly wage basis while others were paid on a piece-rate basis.

When DWC learned that the workers with USFW were not receiving the prevailing wage, as required by law on a public works project, they hired The Solis Group, a public works project compliance company, to work with USFW to help them comply with prevailing wage and other public works requirements on the Veterans Village project. Katie Rich (Rich), a compliance officer with The Solis Group, worked with USFW to help them gain compliance with the prevailing wage and other public works requirements.

As of November 16, 2021, USFW still had not registered with DIR and was not submitting CPRs. USFW suddenly found themselves not getting paid for their work on the project. The Solis Group was withholding payment for both Mitsui and USFW until they were in compliance with paying the prevailing wage requirements and submitting the CPRs to DIR online.

On November 17, 2021, The Solis Group emailed KREBS with instructions for how to access the prevailing wage rates on the DIR website. Also on November 17, 2021, DIR received an application to the DIR online portal for submission of CPRs for public works projects. The application was certified by Thomas English on behalf of US Framing West, Inc. The contact email on the application is amelia@usframing.com.

On December 2, 2021, English emailed Mitsui to determine why USFW was not being paid. English was informed that he and USFW were required to register with DIR and submit their CPRs. Until English and USFW came into compliance with the reporting requirements for DIR, USFW would not be paid.

On December 7, 2021, KREBS sent an email to Rich (The Solis Group) and Noelani (Mitsui). KREBS stated that restitution checks had been paid to the workers for the difference between the prevailing

wage and what they had been paid for the September 14, 2021, through November 20, 2021, pay periods. KREBS included copies of the checks and stated she was still working on the CPRs, trying to get current.

On December 10, 2021, KREBS submitted the first batch of CPRs to DIR via their online portal. Emails from KREBS show that she was the one who began the process and created an account with DIR. She then created and submitted all the CPRs to DIR through the online portal.

However, rather than pay their workers the prevailing wage, USFW continued to pay them piece-rate. To do this, KREBS would take the USFW piece-rate earnings for the workers and divide it by \$56 in order to create the "prevailing wage" for the false CPRs. The falsified CPRs were signed by KREBS under penalty of perjury and submitted to DIR through the online portal. KREBS submitted false CPRs via the DIR online portal 9 times between December 10, 2021, through March 24, 2022:

eCPR Date Submitted	Transaction ID #
12/10/21	12786076, 12786388
12/14/21	12805389, 12807764
12/15/21	12816987
12/16/21	12832907
12/17/21	12838718
1/6/22	12969586
1/12/22	13016063
2/8/22	13239554
3/24/22	13601828, 13605854, 13604520

DIR conducted a wage audit to determine the financial loss suffered by USFW piece-rate carpenters due to the CPR work hours manipulation and fraudulent payroll scheme. The DIR wage audit revealed the following USFW carpenters are owed a combined total of **\$41,335.11** in prevailing wages:

WORKERS	LOSS
Conrado [REDACTED]	\$1,056.39
Silvano [REDACTED]	\$1,665.06
Eleazar [REDACTED]	\$382.12
Gumercendo [REDACTED]	\$729.37
Sergio [REDACTED]	\$382.12
Ramon [REDACTED]	\$370.12
Carlos [REDACTED]	\$382.12
Ada [REDACTED]	\$6,696.00

WORKERS	LOSS
Esvin [REDACTED]	\$363.32
Eliseo [REDACTED]	\$382.12
Juan Carlos [REDACTED]	\$4,197.00
Enrique [REDACTED]	\$382.12
Antonio [REDACTED]	\$1,019.20
Lucas [REDACTED]	\$1,098.80
Fidel [REDACTED]	\$12,691.36
Javier [REDACTED]	\$5,651.22
Jeronimo [REDACTED]	\$1,098.80
Israel [REDACTED]	\$1,513.87
TOTAL	\$41,335.11

INTERVIEW WITH KATIE RICH FROM THE SOLIS GROUP

On May 26, 2023, DOJ Investigator Sang Kim and I interviewed Rich of the Solis Group via video call. Rich is a Project Manager with the Solis Group and has been in her current position for approximately 4 to 5 years. The following is a summary of Rich's statements:

The Solis Group works with private construction companies that are hired on government funded construction projects. The Solis Group provides labor compliance monitoring services to ensure compliance with labor related laws and regulations. DWC was referred to the Solis Group by another company and DWC decided to hire the Solis Group to provide labor monitoring services for the Veterans Village project in Cathedral City, CA. Rich was assigned to the Veterans Village project in April 2021, a few months before USFW started working on the project.

MHA was the subcontractor for framing work on the project, but MHA subcontracted the work to USFW. Therefore, MHA did not have any of its own framing workers on site. When MHA submitted their payment applications, DWC withheld payments to MHA until USFW showed they were following prevailing wage laws. Therrien (USFW) called Rich regularly and demanded release of payments. Rich explained to Therrien that USFW had to register with DIR and submit CPRs directly to DIR. USFW had to provide copies of CPRs submitted to DIR to The Solis Group before payments could be authorized.

Rich also asked Therrien to provide ADP payroll records so the Solis Group could determine if USFW was following prevailing wage laws. USFW submitted ADP payroll records to Rich, but these records contained only the hourly rates and the number of hours worked. The ADP payroll records did not

contain other required information such as employee addresses, social security numbers, work classifications, base rate, fringe benefits, etc.

Based on USFW ADP payroll records provided, Rich noticed that USFW was paying its workers about \$5 less than they were owed. Rich told Therrien that USFW needed to pay its workers wage restitution and obtain affidavits from each worker verifying that worker received their wage restitution money. However, Therrien only provided copies of wage restitution checks as proof of payment. Therrien refused to submit the requested affidavits from USFW workers.

Because the Solis Group is a private labor compliance monitoring company, it has no ability to enforce labor regulations other than to recommend payments be withheld. Therefore, Rich was not able to enforce the production of the requested worker affidavits by USFW.

Therrien was always reluctant to leave a paper trail and wanted to mostly talk with Rich via telephone. Rich tried to create a paper trail via emails, so DWC would be aware of the situation with USFW. As a result, there are only a few email threads on record for USFW.

Rich may have spoken with KREBS about two times over the phone. KREBS told Rich that she was the person submitting CPRs for USFW. The USFW CPRs were submitted in Amelia KREBS name using her email address (amelia@usframing.com). USFW was also required to pay for training apprentices because USFW did not use union labor.

INTERVIEW WITH GENERAL CONTRACTOR DOUGLAS WALL CONSTRUCTION (DWC)

On March 30, 2023, CA DOJ Inv. Kim and I, Inv. Martinez, interviewed DWC Owner Douglas Wall and DWC Project Manager William Butler. Doug Wall Construction (DWC) hired Mitsui as the framing subcontractor for Veterans Village in Cathedral City, a prevailing wage project. Mitsui then hired USFW for the labor portion of the contract. USFW submitted their CSLB license and Certificate of Liability Insurance (COI) to Mitsui, which in turn provide them to DWC. Both CSLB license (#1057708) and the COI was in the name of USTM, LLC. DWC always assumed they were in the name of USFW and had not been aware they were in the name of USTM. The city business permit was also in the name of USFW, and the owner was listed as Thomas ENGLISH.

USFW primarily worked from September 2021 to December 2021. Shortly after USFW started to work, Butler discovered that USFW workers were not aware of prevailing wages nor paid the prevailing wages. Butler brought to the attention of Katie Rich of the Solis Group, a labor compliance monitoring company, which investigated the matter and made USFW pay restitution to their workers. Rich also made USFW to register with the Department of Industrial Relations (DIR) and submit reports certifying their workers were being paid prevailing wages and benefits.

At some point after December 2021, Mitsui started to bring in their own carpenters after having disputes with USFW because USFW either could not or would not provide adequate level of work. Mitsui was contracted to finish the framing work in 6 weeks, but it took a lot longer than 6 weeks, in part due to USFW being unable to finish the work on time. Wall said he only hires licensed subcontractors because the state law requires the contractor license for any contract over \$300 (at the time of his testing and currently \$500). He said the first part of the contractor licensing examination (the Law Section) covers this topic and he took the exam himself.

REVIEW OF USFW PAYROLL BANK ACCOUNT RECORDS

Investigator Kim reviewed the US Framing West's account records obtained from JP Morgan Chase Bank, pursuant to a search warrant and found that only 12 restitution checks of the 55 USFW checks (check numbers 50764 to 50818) provided to Rich were processed (cashied). When interviewed, the construction workers were shown copies of the checks and the majority said they had never received it.

CATHEDRAL CITY BUSINESS LICENSE

On March 30, 2023, Investigator Kim and I went to the Cathedral City Business Licensing Department located at 68-700 Avenida Lalo Guerrero, Cathedral City, CA 92234 and contacted Kevin Biersack (Biersack), Accounting Services Manager, for Cathedral City.

Biersack provided us with a copy of Cathedral City Business License Application dated November 15, 2021, and printout of a Contractors State License Board (CSLB) Contractor's License Detail for CSLB License # 1057708 for USTM, LLC. This City Business License Application is for USTM, LLC, and lists the business location of 30600 Landau Blvd., Cathedral City. *(This is the location of Veterans Village of Cathedral City)*. Biersack said that an out of state construction company performing work in Cathedral City is required to use their actual local worksite address as their business location on the City Business License Application.

VETERANS VILLAGE WORKER INTERVIEWS

Conrado [REDACTED]'s Work Crew

On April 14, 2023, Investigator Kim and I interviewed Conrado [REDACTED] ([REDACTED]), Antonio [REDACTED] ([REDACTED]), Jeronimo [REDACTED] ([REDACTED]), Lucas [REDACTED] ([REDACTED]), Silvano [REDACTED] ([REDACTED]).

Conrado [REDACTED] ([REDACTED])

[REDACTED] negotiated a piece-rate agreement with "Jim" for him and his crew to do framing work at the Cathedral City project. He worked 3 days in November 2021. When [REDACTED] asked "Jim" about prevailing wages Jim became upset and denied it was a prevailing wages job. [REDACTED] received a W-2 tax form from USFW. He did not receive a restitution check.

Antonio G [REDACTED] ([REDACTED])

[REDACTED] worked as a framer on the Cathedral City project as part of Alaves-Aquino's crew for four days (Monday through Thursday) in December 2021. [REDACTED] worked from 7:00 am to about 3:00 pm or 4:00 pm each day. He took a 30-minute lunch break. He earned piece-rate wages and was paid a total of approximately \$800 by check from USFW. He was not paid extra for overtime hours. He received a W-2 form from USFW the following year for tax purposes however he did not receive a restitution check from USFW.

Silvano [REDACTED] ([REDACTED])

[REDACTED] worked as a framer on the Cathedral City project as part of [REDACTED]'s crew for four days in November 2021. [REDACTED] worked from 7:00 am to 5:00 pm and he took a 30-minute lunch break. He worked a total of about 38 hours and was paid a total of approximately \$600 in piece-rate earnings via check by USFW. He was provided a pay stub with his check. The hours listed on the pay stub he was provided are not accurate since his pay was based on piece-rate. [REDACTED]'s work hours were not recorded by USFW, and he did not receive a restitution check from USFW.

Lucas [REDACTED] (G [REDACTED])

[REDACTED] worked as a framer on the Cathedral City project as part of [REDACTED]'s crew for three days in November 2021. [REDACTED] worked from 7:00 am to 5:00 pm and he took a 30-minute lunch break. He was paid a total of approximately \$600 in piece-rate earnings via check by

USFW. The hours listed on the pay stub he received were not accurate. His work hours were not recorded by USFW, and he did not receive a restitution check from USFW.

Jerónimo A. [REDACTED] ([REDACTED])

[REDACTED] worked as a framer on the Cathedral City project as part of [REDACTED]'s crew for three days in November 2021. [REDACTED] worked from 7:00 am to about 5:00 pm each day. He took a 30-minute lunch break. He earned piece rate wages and was paid a total of approximately \$600 by check from USFW. [REDACTED] was not paid extra for overtime hours. He did not receive a W-2 form the following year. He did not receive a restitution check from USFW.

Israel [REDACTED] [REDACTED] Work Crew

On April 14, 2023, DOJ Investigator Sang Kim and I interviewed Israel [REDACTED] [REDACTED] ([REDACTED]) and members of his work crew.

Israel Diego [REDACTED] ([REDACTED])

"Jim" (determined to be Jim Compton) recruited [REDACTED] and his crew to work for USFW in Cathedral City. He negotiated a piece-rate with Jim. [REDACTED] was paid for all his crew. "Patrick" with USFW noted their hours on a tablet.

There were already about USFW 20 workers from Texas on the project when he started. Jim hated the workers from Texas and hired local workers. Jim offered to pay [REDACTED] and his crew a piece rate of 20 cents per square foot of completed carpentry work (floor and sub-floor sheeting). Per the agreement, USFW would pay [REDACTED] for all his crew and [REDACTED] would then have to pay his crew workers individually. [REDACTED] and his crew worked from 7 am until 5 pm each day with a lunch break of about 45 minutes. [REDACTED] worked for six days in November 2021 for USFW, for approximately 54 total hours. [REDACTED] did not receive any extra pay for overtime hours worked.

[REDACTED] found out it was a prevailing wage project and asked to be paid prevailing wages. Jim fired [REDACTED] saying he didn't need him anymore. Most workers on his crew only worked 1 day, except [REDACTED] who worked 3 days; [REDACTED] received two checks, \$1500 & \$3500. [REDACTED] felt he was shorted, so he called Mario Pena at USFW HQ and complained. [REDACTED] cashed the checks he received from USFW and paid his workers at the rate of \$350 per pay in cash. [REDACTED] never received a restitution check.

Israel Diego [REDACTED] Work Crew:

- Ramon [REDACTED]
- Carlos [REDACTED]
- Eleazar [REDACTED]
- Sergio [REDACTED]
- Eliseo [REDACTED]
- Enrique [REDACTED]
- Gumercindo [REDACTED]

Each worker on [REDACTED] crew was interviewed separately and they all said the same thing: They worked with [REDACTED] for 1 day in November 2021, on the Veteran Village project in Cathedral City. Each crew member received \$350 in cash from [REDACTED] and did not receive a restitution check from USFW. [REDACTED] worked with [REDACTED] for 3 days in November 2021.

Javier [REDACTED] [REDACTED]

On March 31, 2023, I spoke with [REDACTED] who worked on the Cathedral City project. [REDACTED] worked as a carpenter on the Cathedral City project. [REDACTED] primarily worked installing wood roof trussells. The USFW foremen on the Cathedral City project was known as "Jim." [REDACTED] worked for 3 weeks on the Cathedral City project from mid-October 2021 to the beginning of November 2021. His crew leader was "Jose Santiago."

[REDACTED] worked from 7:00 am to 5:00 pm, Monday through Friday. He took a one-hour lunch break. [REDACTED] did not take any other rest breaks. [REDACTED] was paid on a piece rate basis, equivalent to approximately \$20 an hour. He was not paid an hourly and/or prevailing wage rate for the Cathedral City project. [REDACTED] crew was paid 37 cents per square foot of installed roofing lumber. He was not paid extra for overtime hours worked.

Ezequiel [REDACTED] (Ezequiel)

On March 31, 2023, and May 8, 2023, I spoke with Ezequiel who worked on the Cathedral City project. Ezequiel worked as a carpenter for US Framing West (USFW) on the Cathedral City project. He was not paid the prevailing hourly wage rate for this project. Ezequiel was paid on a piece-rate basis, equivalent to about \$20-\$25 an hour or about \$200 per day. He worked about 8 to 9 hours per day on this project.

Ezequiel's father, "Benito", worked for USFW on the Cathedral City project. [REDACTED] [REDACTED] and [REDACTED] [REDACTED] are Ezequiel's relatives and worked on the Cathedral City project. Ezequiel worked approximately 4 to 6 weeks for USFW as a carpenter on the Cathedral City project. He worked for USFW on this project in approximately November and December of 2021. Ezequiel worked from 7:00 am to 4:00 or 5:00 pm, Monday through Friday. He also worked on some Saturdays.

Ada [REDACTED] & Esvin [REDACTED]

On June 24, 2023, DOJ Investigator Sang Kim and I interviewed Ada [REDACTED] ([REDACTED]) and Esvin [REDACTED] ([REDACTED]) (a married couple) at their residence in [REDACTED], CA.

Ada [REDACTED] ([REDACTED])

[REDACTED] worked installing window flashing at the Cathedral City project. [REDACTED] duties also included clean-up work. Bran worked for USFW in January of 2022 on the Cathedral City project. [REDACTED] was hired for this job with the assistance of her husband, Esvin [REDACTED] who also worked on the Cathedral City project.

[REDACTED] typically worked from 7:00 am to 3:15 pm or 3:30 pm, Monday through Friday. She did not work on Saturdays or Sundays and did not work any overtime hours. Bran was paid on a production / piece-rate basis. [REDACTED] and her husband ([REDACTED]) worked as a team and they both received piece-rate earnings based on the work they both completed. [REDACTED] estimates that her piece rate earnings were about \$600 per week, for the piece rate work she completed, during the four weeks she worked on the Cathedral City project.

The payroll check that [REDACTED] received for piece-rate earnings included piece rate pay owed to both [REDACTED] and her husband. [REDACTED] believes that she and her husband were paid about \$300 per apartment unit that they both completed. [REDACTED] was not paid \$56 per hour (as listed on the Certified Payroll Records submitted by USFW). [REDACTED] believes she was paid with checks from USFW. These checks included payroll tax deductions. [REDACTED] and her husband were paid twice for this piece-rate job, approximately every two weeks. [REDACTED] was not aware of Prevailing Wage requirements for the Cathedral City project.

Esvin [REDACTED] ([REDACTED])

[REDACTED] worked on the Cathedral City project from October 2021 to February 2022. [REDACTED] worked as a carpenter and assistant to "Jim", the foremen. [REDACTED] would interpret for "Jim" so he could communicate with Spanish speaking workers, however [REDACTED] primary duties were to conduct framing work. When

hired, 'Jim' told [REDACTED] that his wage would be \$35 per hour. However, the next day "Jim" told [REDACTED] that his hourly rate would be more, \$54 per hour, because the project was Prevailing Wage. [REDACTED] was paid via check at the rate of \$54 per hour by USFW and was provided with a wage statement.

Paydays were Fridays on a biweekly basis. However, sometimes the payroll checks arrived late from Kentucky. [REDACTED] recalls receiving an extra (restitution) check due to not receiving all required wages. "Jim" told Bravo the extra check was for owed wages due for missing work hours. [REDACTED] typically worked from 7:00 am to 3:30 pm, Monday through Friday. [REDACTED] took a total of about 45 minutes for lunch and rest breaks. Lunch and rest breaks were combined into one longer break. [REDACTED] worked about 40 hours per week as an hourly worker. He worked less when the project was shut down due to rain. He did not work Saturdays or Sundays and did not work overtime as an hourly worker.

Fidel [REDACTED]

On June 29, 2023, I interviewed [REDACTED] via telephone. I conducted this interview primarily in Spanish. I am certified as fluent in Spanish by the state of California. [REDACTED] worked for US Framing West (USFW) from approximately May 2021 to November 2021, on the Cathedral City project (Veteran's Village). He primarily worked as a forklift driver. He was hired by Jim Compton, who was the USFW foreman for this project. [REDACTED] normal work schedule was from 7:00 am to 3:30 pm, Monday through Friday. He did not work on Saturdays or Sundays. He was provided a daily lunch break. He worked approximately 40 hours per work week and did not work overtime. Paydays were Fridays on a biweekly basis. Miralrio was paid with a check and was provided an itemized earnings statement with his pay. His average payment was approximately \$3,300 (net) every two weeks. His hourly rate was approximately \$53 per hour. Jim Compton was the person in charge of payment of wages to USFW employees. Miralrio received a W-2 form from USFW for tax purposes.

Juan Carlos [REDACTED]

On June 29, 2023, I interviewed [REDACTED] via telephone. [REDACTED] worked for US Framing West (USFW) for approximately three weeks in the summer of 2021, on the Cathedral City project known as Veteran's Village. He worked as a layout carpenter and his duties included locating and identifying wall lines for framing construction. Dedios's work schedule on the Veterans Village project was from approximately 6:00 am or 7:00 am until approximately 2:30 pm or 3:30 pm, Monday through Friday. He sometimes started at 6:00 am to avoid having to work hours in the afternoon peak summer heat. He did not work on

Saturdays or Sundays. He took a daily lunch break of approximately 30 minutes. He worked approximately 40 hours per work week and did not work any overtime hours.

██████ was hired on a piece rate basis. ██████ was paid at the rate of 9 cents or 10 cents per square foot of production completed. ██████ estimates that his average daily piece rate wages were about \$175. ██████ negotiated this rate of pay for himself and 4 other individuals that worked together as a crew. Three of the crew members were named "Ricardo", "Arturo", and "Manuel". Dedios did not recall the other crew members' names. Each crew member received a separate USFW payroll check with their portion of the crew's total piece rate earnings. ██████ was never advised that the Veterans Village project was a Prevailing Wage project and ██████ and his crew were not paid on an hourly basis for their work on the Veterans Village project. Therefore, any work hours and hourly rates listed on Certified Payroll Reports were made up by USFW to match their piece-rate earnings.

W-4 FORMS

W-4 forms (Employee's Withholding Certificate) are federal employment tax forms that advise an employer of an employee's tax filing status, claimed dependents, and other adjustments, etc. for income tax purposes. Many W-4 forms seized during the execution of the search warrant at US Framing's headquarters in Kentucky in June 2023 indicate an hourly rate of \$53.03 (\$53.03/hour) for US Framing West piece rate workers employed on the Veterans Village project. These W-4 forms were signed and dated in November of 2021, prior to the dates that CPRs were submitted by KREBS on behalf of US Framing West for the Veterans Village project.

DIR PUBLIC WORKS AUDIT

A review of the electronic certified payroll records submitted by USFW to DIR indicated that USFW worked on the Veterans Village public works projects. The electronic CPRs were submitted under penalty of perjury. The Director of DIR published the prevailing wages applicable to all public works projects. ██████ ██████ Deputy Labor Commissioner with the Labor Commissioner's Public Works unit, obtained the applicable prevailing wage determination for the Veterans Village project.

Worker interviews revealed that the payroll information reported under penalty of perjury does not reflect the actual method of payment (piece-rate) and hours worked. Dvorak audited the hours worked and wages paid for each worker as reported by USFW and applied actual hours worked as reported by each worker. The audit revealed that USFW failed to pay prevailing wages in the execution of the

Veterans Village public works project. Total wages found due to USFW employees that were interviewed during this investigation is \$41,335.11.

CONCLUSION

This investigation revealed that USFW, through its owner, Thomas Gregory ENGLISH, hired unlicensed subcontractors and intentionally failed to report USFW's true payroll to EDD from April 2018 to June 2023. Interviews with general contractors demonstrate that ENGLISH was very involved in USFW's business operation from negotiating contracts, day-to-day operations at each worksite, selection of unlicensed subcontractors to hire, determining rates of pay, approval of unlicensed subcontractor/worker wage payments, and approval of unlicensed subcontractor and/or worker lodging expenses.

The statements of witnesses and evidence obtained during this investigation show that ENGLISH made many personal decisions, often despite the advice and/or concerns from his management staff, that resulted in not reporting USFW's payroll to the EDD.

Furthermore, ENGLISH established a scheme of paying some USFW subcontractors through paper companies (e.g. Total Framing Solutions, Total Construction Solutions) set up by one of his employees (G. Alex Crawford), to avoid paying payroll taxes. This fraudulent scheme could not have worked without ENGLISH'S knowledge and consent based on witness statements and evidence obtained during this investigation.

Based on my training and experience, and based on the facts of this case, there is probable cause to believe ENGLISH violated the following laws set forth in the California Unemployment Insurance Code (UIC) regarding Unemployment Insurance (UI), Employment Training Tax (ETT) and Personal Income Tax (PIT):

- UIC § 2117.5, willful filing of false and fraudulent payroll tax returns for PIT purposes, a felony.
- UIC § 2118.5, willful failure to collect and pay over PIT required to be withheld from employees' wages, a felony.

Furthermore, this investigation revealed that USFW, through its owner ENGLISH, hired workers under a "piece rate" basis and failed to pay the workers the prevailing wage on the Veterans Village public works project in Cathedral City, CA, in violation of California Labor Code 1778, a felony.

I, Inv. Martinez, hereby request a Warrant of Arrest be issued for the arrest of Thomas Gregory ENGLISH, good cause being shown therefore, for the crimes of Penal Code § 487(a) – Grand Theft; Unemployment Insurance Code section 2117.5; Unemployment Insurance Code section 2118.5; and Labor Code 1778, as well as Special Allegations under Penal Code §§ 186.11(a)(2) and 1203.045(a).

Thomas Gregory ENGLISH is described as a male, Caucasian, 6'0", 200 lbs., brown hair, blue eyes; DOB [REDACTED]; OLN [REDACTED] (Kentucky) and last known address: [REDACTED] Anchorage, Kentucky [REDACTED].

This declaration references and incorporates the felony complaint, reports and documents attached.

LAW ENFORCEMENT:

I declare, under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date:

8/26/24

Signature

Edoardo Martinez

Print Name