

////////////////// THEY CANNOT HIDE //////////////////

THE TRUTH

UNCOVERING THE FACTS

CALLAHAN, INC.



THEY

CANNOT

HIDE



THE TRUTH

CALLAHAN is a general contractor with few direct employees of their own. Therefore, the practices of its regular subcontractors define Callahan's business model. By lengthening the employment chain, Callahan attempts to distance itself from the situation, but it is ultimately responsible for the consequences of choosing dangerous, illegal, and unethical subcontractors.



INTRODUCING... CALLAHAN, INC.

A 13 year old boy is discovered on a Callahan managed project in Connecticut, leading to the arrest of the president of the subcontracting firm.¹ A 26 year old worker falls to his death while working for a Callahan subcontractor.² Hundreds of thousands of dollars are paid out across New England for fines, violations, lawsuits, and restitution as Callahan and its subcontractors ignore labor laws.³

Unfortunately, these violations of labor law are all too common on Callahan managed jobsites. In addition to the delays and fines poorly managed jobs can incur, these violations come at a cost to the entire community.

**"LEGITIMATE
BUSINESSES SUBSI-
DIZE ENTITIES THAT
DO NOT FOLLOW
THE WAGE AND
HOUR LAWS [...].
TAXPAYERS ARE
ALSO UNDULY
BURDENED AS
MANY WORKERS
WHO ARE
MISCLASSIFIED [...]
UTILIZE EXISTING
SOCIAL SAFETY
NETS."**

**- MA JOINT TASK FORCE
2012 ANNUAL REPORT**

/// DANGEROUS, ILLEGAL, AND UNETHICAL

In May of 2014, the Massachusetts Attorney General's office filed a lawsuit against Universal Drywall - one of Callahan's primary subcontractors - for continued illegal misclassification of workers as independent contractors.¹ Universal had already been sued once before for misclassifying workers and evading workers compensation, and in that lawsuit, the company was forced to pay over \$327,000.²

A Massachusetts Joint Task Force collected \$15.6 million in 2013 alone, from companies who violated labor law by misclassifying their workers as independent contractors.³ When employers avoid paying workers' compensation, unemployment insurance, social security, and other payroll taxes, premiums and taxes for everyone else are raised in order to compensate.

The Joint Task Force 2012 Annual Report argues that "legitimate businesses subsidize [...] entities that do not follow the wage and hour laws, purchase workers' compensation insurance, or contribute to the UI system [...]. Taxpayers are also unduly burdened as many workers who are misclassified [...] utilize existing social safety nets. Finally, the sheer number of workers who now fall into the underground economy puts stress on the social safety net [...]" and the taxpayers who fund it.⁴

The construction industry is a dangerous business, but you have the power and the responsibility to choose a contractor who can complete your project in a responsible, legal, and ethical manner. Callahan's record does not meet these standards.

VIOLATIONS SUMMARY

/// TAX FRAUD

In 2011, Universal Drywall was sued for misclassification of employees as independent contractors, and was forced to pay over \$327,000.⁵ Just three years later, Universal is being sued by the Attorney General of MA, again for misclassification of workers.⁶

/// DEATH ON THE JOB

Jason Faria, a 26 year old worker, fell to his death while working for Diaz Construction, which has recently worked for Callahan on projects in Malden, Waltham, and Chelsea.⁷ Diaz has also accumulated more than \$250,000 in OSHA fines and restitution since 2005, signaling its casual attitude towards worker safety.⁸

/// LAWSUITS

During the bidding process for a high school in Hanover, MA, the Massachusetts Attorney General concluded that Callahan "knowingly made false or misleading statements of material fact in the [Statement of Qualifications] with the intention of misleading the prequalification."⁹ In response to this, Callahan was barred from bidding on public works for one year.¹⁰

SUBCONTRACTORS

/// UNIVERSAL DRYWALL

/// DIAZ CONSTRUCTION

/// ACTION FLOORS

⁵ Travelers Property v. Universal Drywall (10/2011)

⁶ AG Coakley Sues New Hampshire Drywall Company (05/2014)

⁷ Goodison, Donna. "Death at PineHills Spurs Probe," Boston Herald. (07/2013)

⁸ "Avon Construction Company to Pay \$162k for Violations of Massachusetts Overtime Law" (03/2010); "Hotel Project Death Spurs Fines" (10/2013)

⁹ Fordyce v. Town of Hanover, (2009).

¹⁰ Commonwealth of Massachusetts, Contractors Suspended or Debarred by the Division of Capital Asset Management (10/2011)

¹ Commonwealth of Massachusetts, Office of the Attorney General, Press Release. "AG Coakley Sues New Hampshire Drywall Company for Allegedly Misclassifying Workers on Construction Projects" (05/16/2014).

² Travelers Property Casualty Company of America v. Universal Drywall LLC (10/2011).

³ 2013 Annual Report, MA Joint Enforcement Task Force on the Underground Economy and Employee Misclassification

⁴ 2012 Annual Report, MA Joint Enforcement Task Force on the Underground Economy and Employee Misclassification



Because Callahan, Inc is a general contractor with few direct employees, the practices of its regular subcontractors define its business model. While not all of these violations happened on Callahan-managed jobsites, all are attributable to regular Callahan subcontractors.

The New England Regional Council of Carpenters (NERCC) is part of the United Brotherhood of Carpenters and Joiners, which was established in 1881 and represents over 130 years of building. We have survived and thrived as building booms, depressions, and recessions wax and wane, and as governments, contractors and developers have come and gone. We continually adapt to new technologies in the construction industry, spending more than \$6 million to develop and deliver training for our members in the New England area.

/// INDUSTRY STANDARDS

The construction industry is highly competitive, and there are constant pressures to cut costs by cutting corners on safety, wages, and building quality. The Carpenters Union acts as a watchdog for the industry - what we see and hear is the reality of the trade. Unfortunately, the violations described in this publication are often not reported.

We expect safe and fair standards for all projects, both union and non-union. Our research and understanding of the construction market is a resource for developers, end users, and communities. We hope that bringing this information to light will allow for better decisions regarding the choice of contractors.

THE TRUTH

Aside from the project delays and costly court expenses, the actions of Callahan and its subcontractors come out of every taxpayer's paycheck. Nearly \$56 million in lost revenue has been collected since 2008 by a Massachusetts joint task force- money diverted from schools and municipalities because of fraudulent practices.

We prefer to work cooperatively, but will publicize the use of subcontractors who blatantly ignore labor law and impede the success of projects to the detriment of our communities.

1 2013 Annual Report, MA Joint Enforcement Task Force on the Underground Economy and Employee Misclassification



"CALLAHAN KNOWINGLY MADE FALSE OR MISLEADING STATEMENTS OF MATERIAL FACT IN THE SOQ WITH THE INTENTION OF MISLEADING THE PREQUALIFICA- TION COMMIT- TEE." - MASSACHUSETTS SUPREME JUDICIAL COURT, 2010

/// DELAYS AND ADDED COSTS

It isn't just Callahan's choice in subcontractors that deserves scrutiny - its own history is fraught with project delays, fines, and lawsuits.

Seven months after the originally scheduled opening, the YMCA in Quincy, MA was finally able to schedule its grand opening.¹ However,

to classrooms had to be reinstalled because the frames were never fastened to the floors. OSHA fines and violations totalled over \$40,000 for Callahan and its subcontractors.²

On the same project in Hanover, the Supreme Judicial Court upheld lower court findings that "Callahan knowingly made false or misleading

according to interviews with YMCA members, the building continues to suffer from a leaking roof, peeling baseboards, standing water, and tiles falling off the swimming pool months after opening.

Callahan's high school project in Hanover, MA suffered a similar fate, with rampant quality control issues. The concrete was not level, the entire gym had to be resurfaced because of poor work quality, and doors

statements of material fact in the SOQ with the intention of misleading the prequalification committee."³ Callahan was then suspended from bidding on public works for one year.⁴ If Callahan is willing to lie about its experience, what else is it willing to lie about?

You have the power and the responsibility to have your project completed on time, on budget, and as safely as possible. Callahan's track record makes that a gamble.

¹ "Quincy YMCA to host grand opening on Jan. 26" (01/2014)

² US Department of Labor, Occupational Safety and Health Administration, Various. Cited parties include Callahan Construction Inc., Superior Foundations, Action Floors, VPS Drywall, Specialty Flooring Inc., Bristol Builders & Contractors Inc., and Newton Sheet Metal Inc.

³ Fordyce v. Town of Hanover, (2009)

⁴ Commonwealth of Massachusetts, Contractors Suspended or Debarred by the Division of Capital Asset Management (10/2011)

DO YOU REALLY WANT CALLAHAN BUILDING YOUR COMMUNITY?

UNCOVERING THE FACTS

The mission of the NERCC Research Team is to identify and expose the realities of irresponsible contractors to the public by monitoring compliance with federal, state, and local law and by documenting habitual project delays, cost overruns, and poor workmanship. Our goal is to ensure educated decisions by the communities where we live and work.

